

# BUSINESS WEEK

CAN  
**Rail Accidents**  
BE PREVENTED?  
PAGE 44



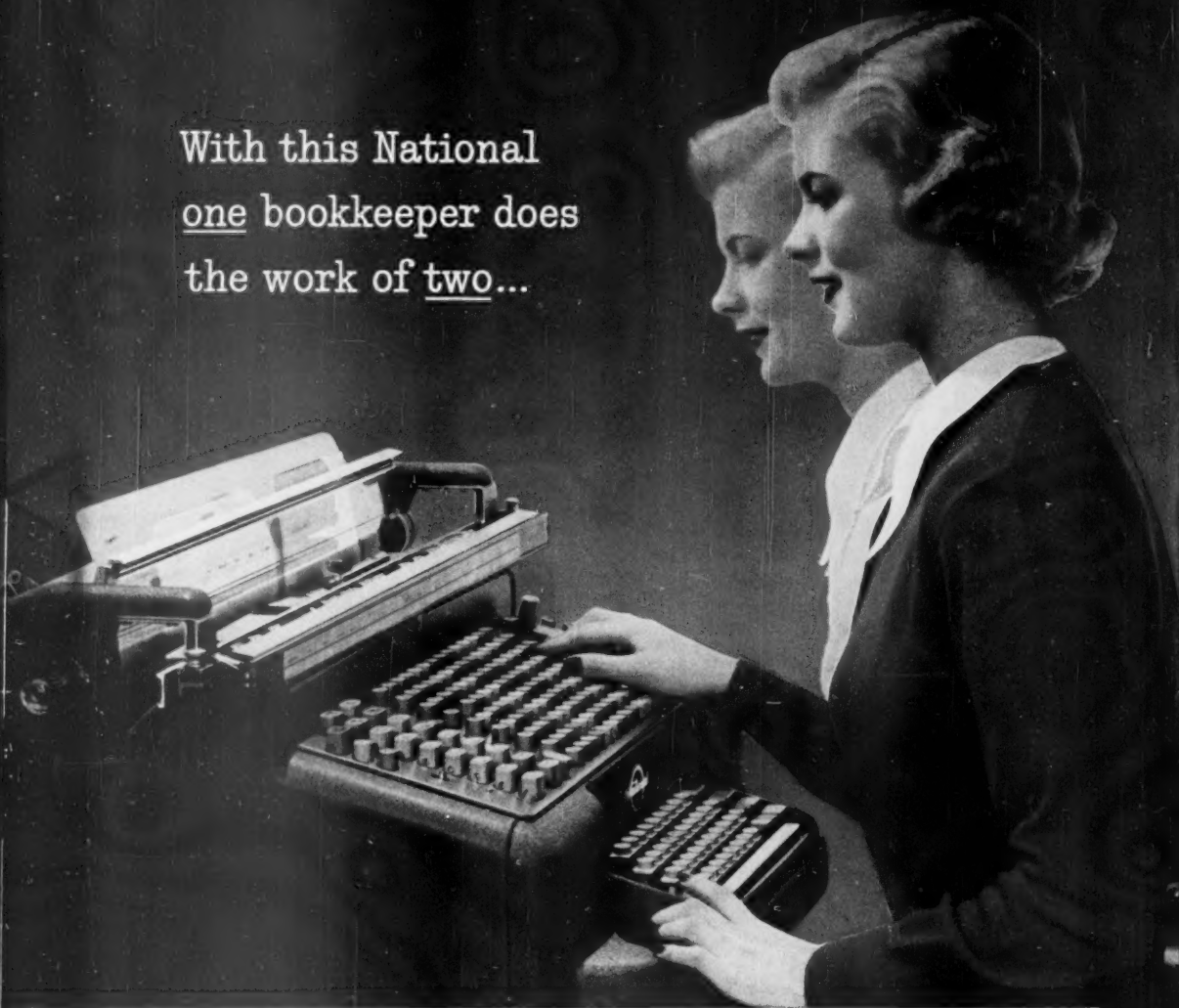
**Ferguson of Bendix Aviation: More war contracts than anybody. (page 38)**

A MCGRAW HILL PUBLICATION

**MAR. 10, 1951**

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RESEARCH KEEPS

# B.F. Goodrich

FIRST IN RUBBER

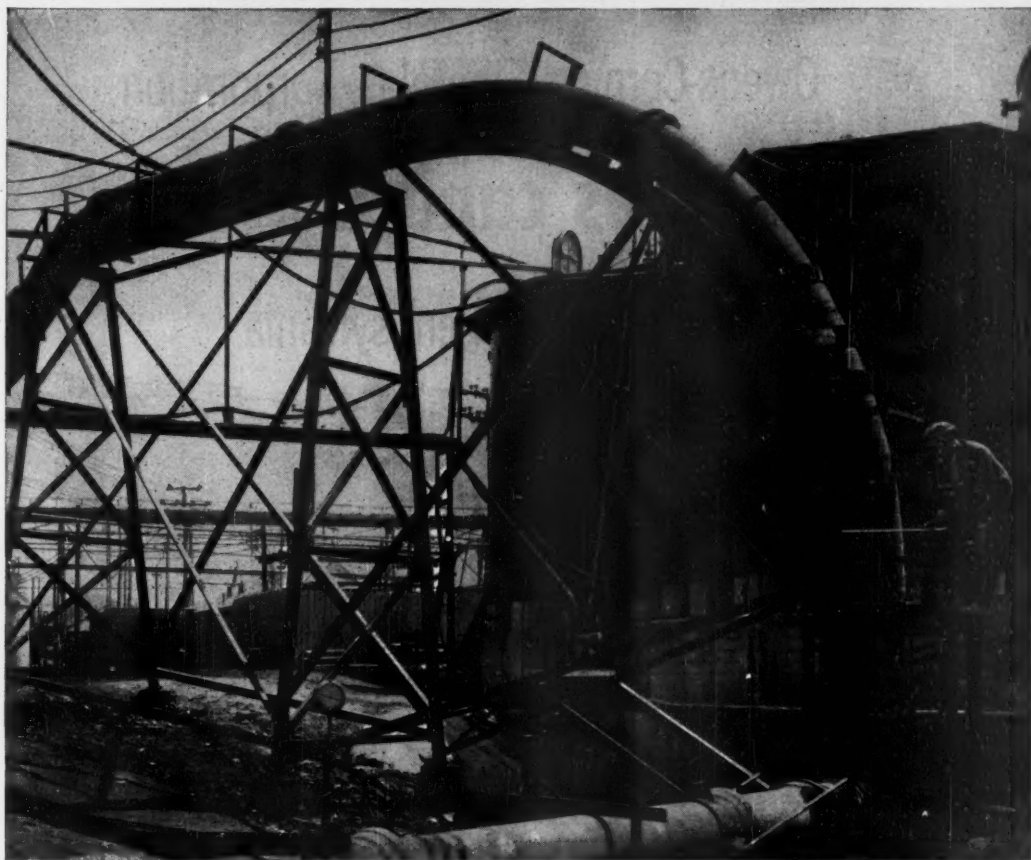


Photo courtesy The Glidden Company

## Rubber carries river that used to eat through iron

### *A typical example of B. F. Goodrich product improvement*

ONLY water supply for the cooling system of a big eastern chemical plant is a river from which they take 5,000 gallons every minute. To get that much water the 16-inch pipe carrying it has to stand a total force of 15 tons pressure in every foot of length.

But the water is loaded with acids from other factories. These acids ate through cast iron pipe, causing the expense of new pipe and even worse, the expense of shutdowns while repairs were made.

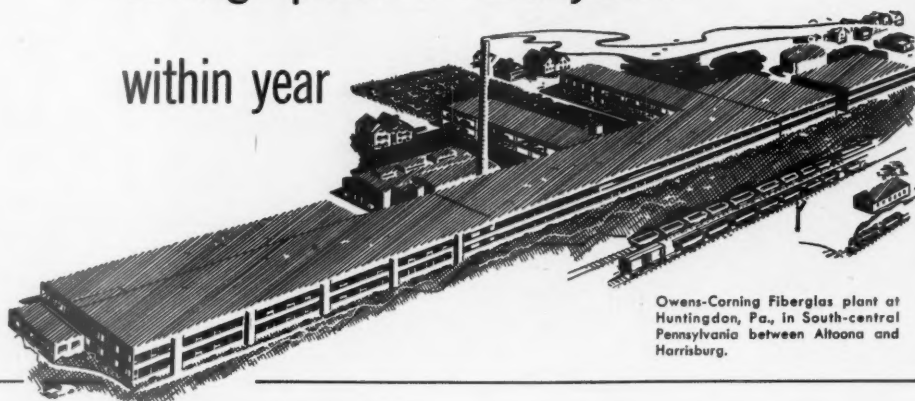
Plant engineers came to B. F. Goodrich. Could hose be used instead of pipe? Rubber would stand the acid but could it stand that 15-ton pressure? B. F. Goodrich already had a hose designed for just such heavy-duty work — stout wire wound into the hose wall prevents distortion in spite of high pressures; rubber resists the acid; rubber-and-fabric wall assures long, strong life.

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sands of proofs that B. F. Goodrich research pays off for all American industry. It is research constantly at work to improve the value of every rubber product which business uses. It will pay you to check regularly with your distributor to find out what improvements BFG has made recently in the products you use. *The B. F. Goodrich Company, Industrial and General Products Division, Akron, Ohio.*

**B.F. Goodrich**  
RUBBER FOR INDUSTRY

# Owens-Corning Fiberglas Corporation **doubles capacity** of huge plant in Pennsylvania within year



Owens-Corning Fiberglas plant at Huntingdon, Pa., in South-central Pennsylvania between Altoona and Harrisburg.

Owens-Corning came into Pennsylvania in 1943 at the request of the Federal Government to operate a plant at Huntingdon under lease from the Defense Plant Corporation and to manufacture Fiberglas\* yarns for wartime uses. When the war ended, all wartime uses naturally vanished, but the company decided to buy the plant and develop peacetime markets for Fiberglas yarn products.

During that conversion period, employment dropped to as low as 87. Now, the plant employs more than 1,000, has nearly doubled production capacity within the past year and is running full time to meet heavy civilian demands and currently-mounting military requirements for Fiberglas yarns.

**HAROLD BOESCHENSTEIN**, President of Owens-Corning Fiberglas Corporation, said: "Our experience in producing Fiberglas yarns at Huntingdon has given us an appreciation of the many advantages which Pennsylvania offers industry: men and women of exceptionally high caliber who have an interest and pride in their work . . . excellent transportation facilities . . . cooperative public officials—all in all, a stimulating industrial atmosphere that is conducive to growth and progress. We are happy and proud to be members of Pennsylvania's great industrial family."

.....

*The millions of dollars of new private capital being invested in Pennsylvania is the best evidence that many companies large and small, find Pennsylvania a fine place for them to do business. The Pennsylvania State Department of Commerce will be glad to help you find the right site for one of your operations here.*



From each glass marble exactly this size, the Fiberglas plant at Huntingdon draws a filament more than 95 miles long. These filaments go into the Fiberglas yarn used for scores of different consumer and industrial products, as well as for many military uses.

*\*Fiberglas is the trade-mark (reg. U.S. Pat. Office) of a variety of products made of or with glass fibers by Owens-Corning Fiberglas Corporation.*

## COMMONWEALTH OF **Pennsylvania**

DEPARTMENT OF COMMERCE, HARRISBURG, PA.

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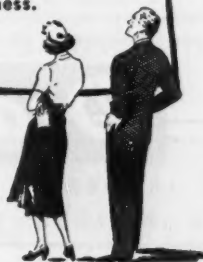
**ANDREW J. SORDONI**, Secretary of Commerce

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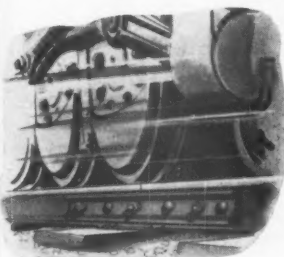
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## interesting facts

RUST PREVENTIVES • WATER TREATMENT

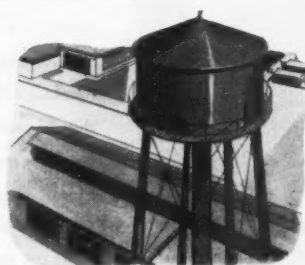
10,000 MORE BOARD FEET PER DAY  
PLUS \$1,800 saving

Heavy scale formations impaired the efficiency of the lumber mill's boiler. Dearborn treatment was used. This lumber manufacturer stated it saved \$1,800 in boiler cleaning and made possible increased production of 10,000 board feet of lumber . . . per day!



### NO-OX-ID COAT PREVENTS RAIL JOINTS from "freezing"

When railroad tracks "freeze" or corrode at the joints, normal expansion and contraction is restricted. Buckled rails, costly maintenance may result. To prevent "freezing," the track, joint bars and bolts are coated with NO-OX-ID which by exhaustive tests . . . conducted by impartial railroad authorities . . . provides superior protection and lubrication.



### 5-YEAR MAINTENANCE PLAN pays dividends

The 100,000 gallon tank, built in 1928, supplies water to the plant sprinkler system. The interior is protected with NO-OX-ID . . . every five years. A spokesman for the plant says . . . "the interior is in excellent condition, we think solely because of your product."

Whether you operate an industrial or processing plant . . . a utility or a pipe line . . . a railroad or a steamship line . . . Dearborn's specialized experience in water treatment and rust preventives is available to help conduct your business more efficiently, more economically.

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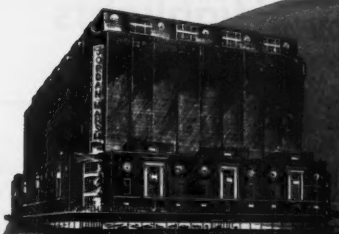
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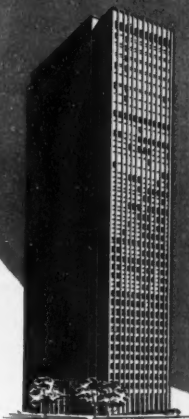
#### DEPARTMENT STORE

Jordan Marsh Company, Boston, Mass. This famous store is making a Westinghouse balanced vertical transportation system the keynote of its modernization and expansion program. This system includes Electric Stairways, passenger and freight elevators.



#### HOSPITAL

St. Joseph's Hospital, San Francisco, Cal. Everyone at this hospital gets quick, efficient service from Westinghouse Hospital Elevators. The broad experience of Westinghouse qualifies it to solve any vertical transportation problem, large or small.



#### SKYSCRAPER

525 Wm. Penn Place Corp. Building, Pittsburgh, Pa. This new, 39-story building will get the best in elevator service from its 21 Selectomatic Elevators. Selectomatic is the unique Westinghouse elevator control that produces "no-wait" service. The building will be jointly occupied by the Mellon National Bank and U. S. Steel Corporation.

## THERE'S A NEW STANDARD IN VERTICAL TRANSPORTATION

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**NEW FRONTIER EDITION**  
 FOURTH OF A SERIES

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Ever hear how Paul and Babe hauled the kinks out of Whistling River? Had to have something to hook to, so Paul Bunyan first freezes the river solid with a couple half-grown blizzards. Then he hitches her up to Babe with a log chain. Gee-up and the Mighty Blue Ox pulls till he sinks knee-deep in solid rock. River won't budge so Paul grabs aholt and gives a heave that sends the river slithering out across the prairie so fast it turns to steam.



## to Fabulous Fact

For pulling power, the successors to Paul and Babe are diesel-electric locomotives hauling streamliners and mile-long freight trains across a continent, up winding canyons, through 5-mile tunnels and snow filled passes. Always looking for something better, the company of men who first displaced steam with diesel-electric motive power were also the first to mass-produce silicone (Class H) insulated traction motors.

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IF YOU WEAR GLASSES try Sight Savers and see how well silicones clean, polish and protect eyeglasses. **SIGHT SAVERS** are the new, popular Dow Corning Silicone treated tissues that **KEEP YOUR GLASSES CLEANER.**

10c at all drug and tobacco counters.

## Highlights In This Issue

### Labor vs. Wilson

• Is that how the battle actually lines up? What are the real issues involved? The story behind the headlines. P. 19

### Prices Drop 10%

• In Moscow that is. The rise in living standards is real but can be deceptive. P. 24

### Prices Under Control

• The retail pricing order is just one piece of an over-all mechanism. What the total apparatus will look like. P. 25  
 And how the present order will hit retailers. P. 98

### Operating Supplies

• They mean one thing to a manufacturer, something else to a utility or railroad, something else again to a growth industry. It makes regulation complicated. P. 30

### Boron Steel Again

• It makes low-alloy steels twice as good, but users are afraid of it. Standardization may break the impasse. P. 69

### Denver Joins the 20th Century

• The industrial revolution took a long time before it caught up with Denver. P. 82

### Too Much of a Good Thing

• State Dept. is afraid of that. A generous-sounding Russian offer on Germany might split the West. P. 125

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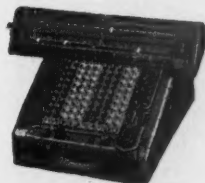


## "Alas, poor Yorick . . ."

Worked himself to the bone. Poor chap just never realized how much time and worry he might have saved by turning over his figure problems to Monroe. Fast, figure-hungry Monroes with their full "Velvet Touch" keyboard, matchless ease of operation and effortless, nerve-saving action. Alas, poor Yorick, not to know that whatever the figuring need, Monroe makes the model to meet it. Quickly. Efficiently. Economically. See your Monroe man today and forget figure fatigue.



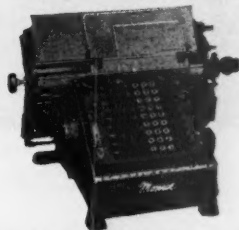
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NEW MODEL CSA! The very latest type fully automatic has just the features required for the economical handling of all your general business figure work.



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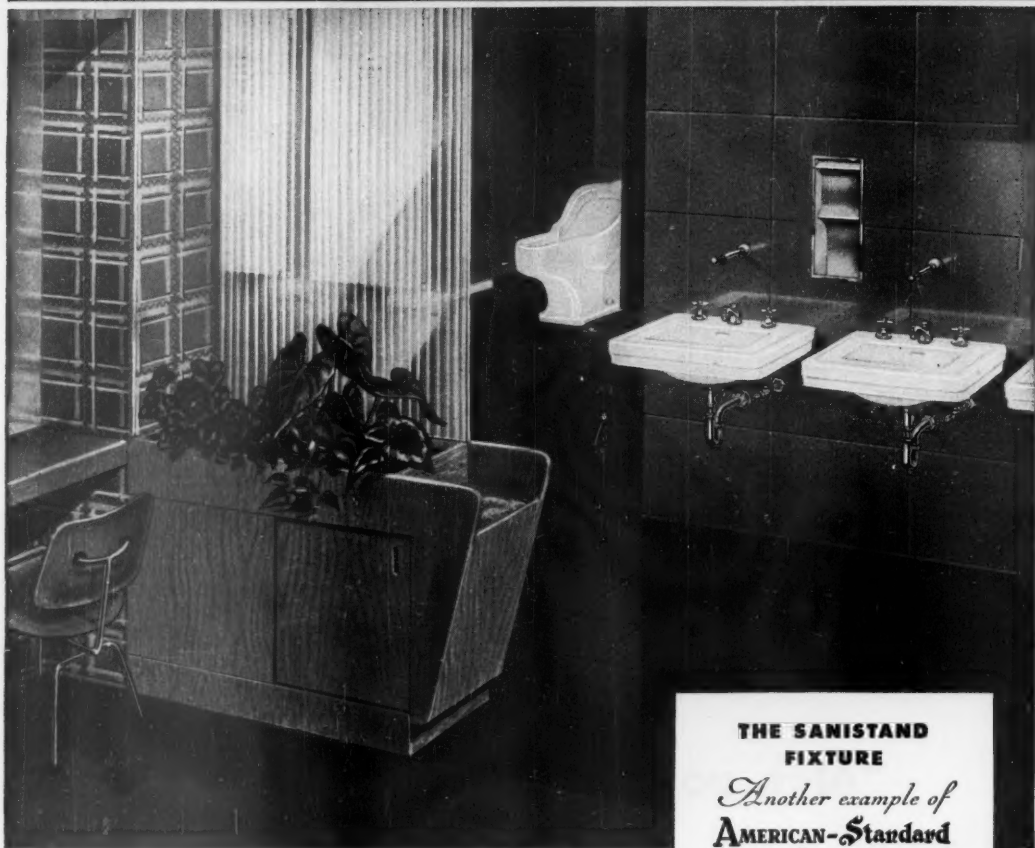
Every Monroe is sold only through Monroe-owned branches; serviced by Monroe's factory-trained organization.

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# AMERICAN-Standard

First in heating . . . first in plumbing



## THE SANISTAND FIXTURE

*Another example of  
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Leadership*

● A year ago, Sanistand was just a name for a new plumbing fixture.

Today, in hundreds of busy theatres, department stores, restaurants, hotels, terminals, service stations and other public places, the Sanistand fixture is being praised as the greatest contribution to rest room sanitation since the invention of the water closet.

Developed through American Standard research to offer women

the same convenience and sanitation the standing urinal does for men, the Sanistand fixture makes washrooms cleaner, neater and more pleasing to women patrons . . . the Sanistand also reduces the time and cost of rest room maintenance.

This new urinal for women is constructed throughout of easily-cleaned, non-absorbent, genuine vitreous china in white and a variety of attractive colors and combines effi-

cient flushing action with an extra large outlet to make it completely sanitary in operation and appearance.

If you would like to have more detailed information about the new Sanistand fixture for women, write for a copy of the American-Standard Better Rest Room Guide which contains many helpful ideas for planning modern rest rooms.

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# BUSINESS OUTLOOK

BUSINESS WEEK

MARCH 10, 1951



Wall Street has been buzzing with "peace scares" for days (page 110). And "The Street's" rumors fly far and wide over the wires.

Some of these come from high-priced forecasting services. One says the international skies will have cleared in three months. Another guesses that, if Russia doesn't move in two months, it won't move at all.

Wall Street's "scare" unfortunately could have some very scary results. For what the country should be worrying about is a growing complacency.

Washington saw signs of a "What's the rush?" attitude last week (BW-Mar.3'51,p15). This week's news could easily further such thinking (page 15).

Russia's lip service to disarmament, to German reunion, and to pulling all troops out of the Reich sounds persuasive to those who are sick of the international mess. That's why it is dangerous.

Superficially, Russia and the West seemed close together at the deputy-foreign-ministers' meeting in Paris this week (closer, certainly, than at any time since Potsdam, for all Gromyko's fulminating).

And Russia, pointedly, left Far Eastern problems off its agenda.

That could mean nothing—or it could mean that Russia would let Peiping settle for a stalemate at the 38th parallel.

Softer Russian policy could cause a big letdown in this country.

Russia knows this—and may be playing it that way.

Presumably, our leadership is intelligent enough not to fall for any phony conciliation on Russia's part.

Yet it would be hard for even the strongest leaders to prevent personal complacency—and congressional lethargy—in such a climate.

That would throw a possibly fatal block in front of the arms effort.

And it would almost certainly have a sharp effect on business. Consumers, well-stocked, would cut buying. Business, also well-stocked, would start working off inventory. Prices would dip.

Many a retailer frets about his own—or the other fellow's—big stocks of merchandise (page 23).

He doesn't need any statistics. He needs no economists to explain: "Of course, inventories are up. But if you deflate their value to allow for price rises, the gain isn't so large."

Each knows what he has stored. And each is constantly reminded of how much cash he has tied up by:

- The appliance dealer who, last week, held a big sale at his warehouse because it was chockablock.

- The merchant who defaulted on payments to the former owners of his store; he had stocked up to the point where he ran out of capital.

Hard goods take up a lot of warehouse space, and it takes a lot of money to carry them. But they aren't retailers' only worry.

"There are enough soft goods in stores today to supply everybody with more than they want," Fred Lazarus, Jr., head of Federated Department Stores, said in Houston this week.

"After Easter, you may even see some big special sales."

And it's not just what the stores own. There were the waves of con-

# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**  
**MARCH 10, 1951**

sumer buying in July-August and in December-January. Lazarus notes that this "anticipatory buying" cuts consumers' future needs.

Stores are carrying more charge-account credit than ever before at this time of year, due to heavy consumer buying.

Usually, consumers charge heavily before Christmas. Then they pay the bills in January and February. This year, however, they paid off hardly any more than their new charges in January.

The Federal Reserve's checkup shows a net decline of a measly \$6-million on charge accounts in January. That left the total above \$4.2-billion, a towering \$727-million higher than a year earlier.

Curbs on instalment-sale credit are having some results.

The time-sale debt for auto purchases dropped \$70-million in January; other instalment credit fell by \$148-million.

Some decline always is expected after the turn of the year. But this contraction is much larger than average.

Restrictions on home-building credit haven't begun to show up yet. That's because houses being built now were started before the curb.

The work done on private residences in February is valued at \$864-million. That's a record for the month, and 20% above a year ago.

Mounting plant expansion has pushed industrial construction well to the top of the list in point of gains over a year ago.

This type of work is running almost double a year ago. But not far behind is commercial construction with a 60% gain. This pair contributed a big slice to all private nonresidential buildings' \$1½-billion value in February.

Pending the McGraw-Hill Economics Staff's annual forecast of plant and equipment expenditures (scheduled for Business Week's Mar. 31 issue), here's a specialized sample taken by the Purchasing Agents Assn. of Chicago:

Their question: "Is your company planning any expansion due to war work?"

Of those answering, 23% said "Yes," and 77% said "No."

Of those expanding, 43% had plans calling for outlays under \$500,000; 49% are from \$500,000 to \$3-million; the remaining 8% have plans running from \$3-million up to \$10-million.

Inflation has not dealt too harshly with the average factory worker—at least so far.

That's true in the case either of average hourly earnings or weekly earnings reduced to "real income."

Real wages figure just a shade higher now than pre-Korea.

Labor force figures still don't show any "conversion unemployment."

The Census Bureau says 58.9-million were employed in February. That's virtually unchanged from January, although there usually is some seasonal decline. And it's 2-million above a year earlier.



The far-reaching Plastics Industry is taking an important part in America's industrial mobilization program. Chemicals are its raw materials, and its finished products are anything from a molded plastic gear wheel to the bonding resin for laminated boards.

To keep the Plastics Industry operating at peak capacity vast quantities of chemicals are needed. Celanese, a major supplier, is looked to for a continuous supply of **FORMALDEHYDE** and **PARAFORMALDEHYDE** for thermosetting resins . . . **ACETIC ACID** and **ACETONE** for cellulose and vinyl acetate thermoplastics . . . **METHYL**, **NORMAL PROPYL** and **BUTYL ALCOHOLS** for plastic intermediates . . . **TRICRESYL PHOSPHATE** for plasticizers . . . **SOLVENTS** for various synthetic coating applications.

The Celanese chemical plant at Bishop, Texas operates on the most advanced processing methods—producing organic chemicals by oxidation of natural petroleum gases of the district.

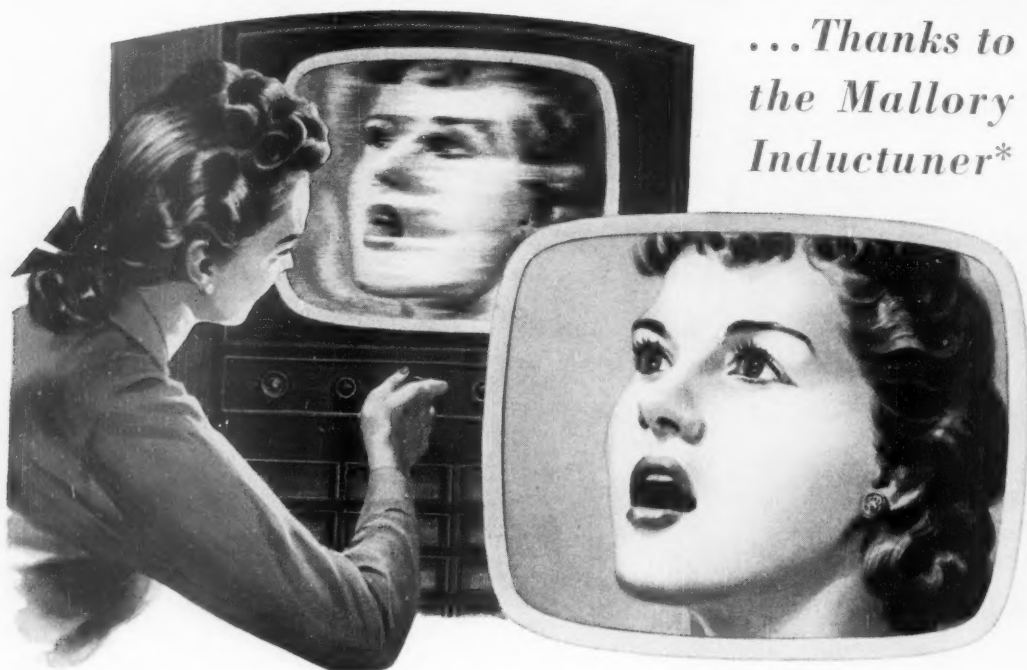
Celanese chemical service to the Plastics and other industries includes a nationwide distribution system . . . modern laboratories and pilot plants . . . and technical service backed by a generation of research in petroleum chemistry. Celanese Corporation of America, Chemical Division, Dept. 518-C, 180 Madison Avenue, New York 16, New York.



\*Reg. U. S. Pat. Off.

**ACIDS • ALCOHOLS • ALDEHYDES • GLYCOLS • KETONES • PLASTICIZERS • SOLVENTS**

# Pictures are Clearer... Sound is Truer



*...Thanks to  
the Mallory  
Inductuner\**

**S**OMETIMES you will notice your television pictures are getting "fuzzy", and voices are not coming through true and clear. Often, you can blame this on "frequency drift"—a cause of many calls for the serviceman.

But when you buy a set that has been factory-equipped with the Mallory Inductuner, frequency drift ceases to be a problem. It is the Inductuner, too, which enables you to pick up FM programs on your television set.

Now, Mallory offers set manufacturers a complete tuning assembly built around the Inductuner. This new development minimizes an even more serious television bugaboo—"oscillator radiation." This is an undesirable signal transmitted by a television set, which frequently interferes with other sets nearby and may even disturb radio

communication between airplanes and landing fields. The Mallory Teletuner\*\* tuning assembly now enables set manufacturers to offer greatly superior performance, without interference and without increase in price.

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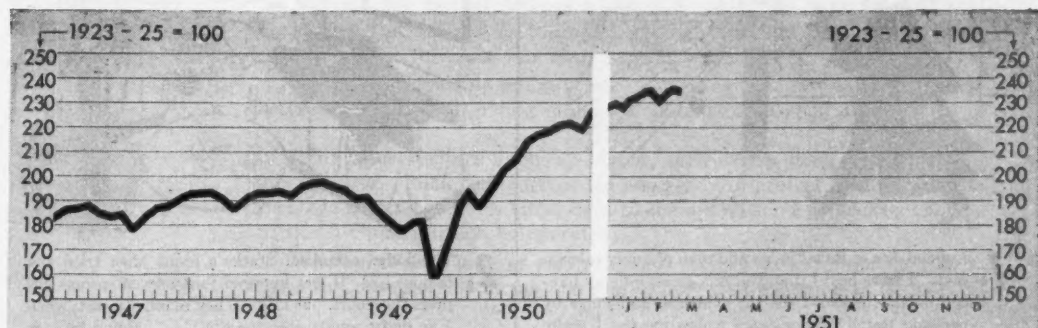
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# FIGURES OF THE WEEK



## Business Week Index (above) . . . . .

### PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1941 Average
Steel ingot production (thousands of tons).....	2,019	1,995	1,933	1,401	1,593
Production of automobiles and trucks.....	180,584	199,267	151,206	124,072	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$47,444	\$60,350	\$61,987	\$31,637	\$19,433
Electric power output (million kilowatt-hours).....	6,822	6,833	7,099	5,879	3,130
Crude oil and condensate (daily average, 1,000 bbls.).....	6,016	5,945	5,939	4,909	3,842
Bituminous coal (daily average, 1,000 tons).....	1,675	1,781	1,902	452	1,685

### TRADE

Miscellaneous and L.c.l. carloadings (daily average, 1,000 cars).....	76	76	79	68	86
All other carloadings (daily average, 1,000 cars).....	46	47	52	27	52
Money in circulation (millions).....	\$27,188	\$27,164	\$27,045	\$27,060	\$9,613
Department store sales (change from same week of preceding year).....	+24%	+18%	+25%	-5%	+17%
Business failures (Dun & Bradstreet, number).....	170	127	159	179	228

### PRICES (Average for the week)

Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100).....	525.9	528.6	533.5	358.2	198.1
Industrial raw materials, daily index (U. S. BLS, Aug., 1939 = 100).....	378.8	379.2	380.8	221.0	138.5
Domestic farm products, daily index (U. S. BLS, Aug., 1939 = 100).....	411.2	414.4	412.0	304.8	146.6
Finished steel composite (Iron Age, lb.).....	4.131¢	4.131¢	4.131¢	3.837¢	2.396¢
Scrap steel composite (Iron Age, ton).....	\$43.00	\$43.00	\$47.75	\$27.42	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	24.500¢	24.500¢	24.500¢	18.500¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$2.40	\$2.45	\$2.46	\$2.26	\$0.99
Sugar, daily price (raw, delivered New York, lb.).....	5.94¢	5.96¢	6.02¢	5.55¢	3.38¢
Cotton, daily price (middling, ten designated markets, lb.).....	#	#	#	32.10¢	13.94¢
Wool tops (Boston, lb.).....	\$4.50	\$4.45	\$4.40	\$2.12	\$1.41
Rubber, daily price (ribbed smoked sheets, New York, lb.).....	73.80¢	75.00¢	71.75¢	19.59¢	22.16¢

### FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	173.6	173.7	174.8	137.0	78.0
Medium grade corporate bond yield (Baa issues, Moody's).....	3.19%	3.16%	3.16%	3.24%	4.33%
High grade corporate bond yield (Aaa issues, Moody's).....	2.71%	2.69%	2.66%	2.58%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1½%	1½-1½%	1½-1½%	1½-1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	2%	2%	1½-2%	1½-1½%	1-1½%

### BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	50,649	50,491	51,232	46,926	↑127,777
Total loans and investments, reporting member banks.....	69,501	69,231	69,527	66,831	↑132,309
Commercial and agricultural loans, reporting member banks.....	18,733	18,588	18,120	13,834	↑16,963
Securities loans, reporting member banks.....	2,246	2,124	2,308	2,099	↑11,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	30,791	30,900	31,504	36,774	↑115,999
Other securities held, reporting member banks.....	6,521	6,454	6,482	5,316	↑14,303
Excess reserves, all member banks.....	661	582	910	941	5,290
Total federal reserve credit outstanding.....	23,188	23,283	23,051	18,454	2,265

\*Preliminary, week ended Mar. 3.

††Estimate (BW—Jul.12'47,p16).

‡Revised.

#Markets closed.

§Date for "Latest Week" on each series on request.

→ See page 60.



1. Judicial Jim, a jovial judge and man of many talents, said: "I have heard that Statler's great, but my judicial balance insists I see the evidence, and judge by personal test if Statler *really* makes me feel I *really* am a guest."



2. The judge examined Statler's room, then tried the famous bed. "Eight hundred thirty-seven springs impress this court," he said. "They're mighty soft; when I lie down results are soporific. And judging by how well I sleep, my verdict is—*terrific!*"



3. "Now what's the case for Statler's bath? Let's judge it on the spot. The tub I see is sparkling clean, the water's *always* hot, plus stacks of towels snowy-white, and piles of soap as well. The evidence all points one way, my verdict is—it's *swell!*"



4. "It's time to judge the Statler food," said Jim. "Just watch me try it! They've everything that's sure to please most everybody's diet. And Statler chefs know just the way to cook my favorite dishes. I've eaten up the evidence . . . my verdict is—*delicious!*"



5. "One major bit of evidence is Statler's swell location. It's close to business, shows, and shops, and near the railroad station. No wonder travelers all agree, when judging where to stay, 'Our verdict is—Stay Statler . . . it's tops in every way!'"



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# WASHINGTON OUTLOOK

WASHINGTON  
BUREAU  
MAR. 10, 1951



Wilson's big test as defense boss will come in the next few months. It will give you the clue as to how far the government can push controls when there's no full-scale war to galvanize the public.

**Watch developments in Congress.** The real showdown will come when Congress votes on extending stabilization controls beyond June 30.

**"The Interests" are lining up**—labor, agriculture, small business, consumer groups. Each feels mistreated and ready to protest on Capitol Hill. The stage is being set for a bitter fight to change Wilson's policies by changing the law under which he operates.

**Whether Wilson goes or stays** depends largely on the outcome. He's strong in Congress. So he may be able to prevent weakening of his law.

•

**Labor's price for cooperation is high.** The unions want a shakeup in top mobilization command and a redistribution of Wilson's power—not just wage concessions and dispute-settling machinery (page 19).

**A board to run mobilization** is one scheme union bosses are talking. The board would make policy on manpower, procurement, wages, and prices. Represented on it would be business, big and small, labor, agriculture, consumers—a cross section of the nation. The union argument is that policies handed down by such a board would get public support, whereas the public now must take its orders from a "big businessman."

**Truman isn't ready to buy such a board.** He's standing by Wilson.

But the unions think time is on their side. Note how the board idea will appeal to various political blocs as control grievances mount. It may be hard for Congress to turn this plan down in renewing the control law, especially if it gets small business or farm backing.

•

**Trouble with the farmers** (meaning the Congress farm bloc) is assured now that DiSalle is putting ceilings on raw farm products.

**Cotton will set it off.** DiSalle put a ceiling on the farm price, something the old Office of Price Administration never got up the courage to do.

**Livestock ceilings will follow.** OPA tried them, but soon found out it couldn't make them work, hence had to focus on meat prices.

**The farm bloc may upset DiSalle.** It hurried OPA's downfall in 1946 and looks like a good bet to be the first to breach the Office of Price Stabilization's price policy. And as for getting food prices down by rolling farm prices back—meanwhile making up the difference to the farmers with direct subsidies—there's little chance. Farmers want no part of it.

•

**Small business has a double-barreled complaint.** It feels neglected both on arms contracts and the National Production Authority's handling of scarce materials.

**The remedy Congress is threatening** is a rider on the control act extension. It would force NPA to (1) give small firms a bigger share of materials, and (2) require the military to do more splitting up of its orders. You will hear more on this shortly when small businessmen go before Congress to tell their story of mobilization problems.

# WASHINGTON OUTLOOK (Continued)

WASHINGTON  
BUREAU  
MAR. 10, 1951

All this pulling and hauling reflects the letdown now showing up in mobilization (BW-Mar.3'51,p15). The earlier feeling of urgency is being swept away by what appears to be a brighter foreign outlook (page 9).

**There's danger rearmament will be slowed.** A peace move by Russia could rob mobilization of its drive. We had one letdown—last fall when Korea was going our way. And it was a mistake.

•  
**The price trend is still definitely up,** government price experts tell you. They attribute the softness showing up in some commodities to an easing off in "scare" buying and the approach of the new crop season. They conclude these factors are probably temporary. As to manufactured goods, they see up-pressure continuing as labor costs rise and cuts in metal use limit the output of consumer hard goods. They pooh-pooh recession talk.

•  
**The Treasury-Federal Reserve Board deal** on credit policy (page 26) is being applauded as a step to put a brake on inflation. It looks as if some progress had been made—though any firm judgment right now is premature.

**There may still be a joker in the deck.** Neither Treasury nor FRB will say how easy it will be for holders of the new 2¾% bonds to convert them into cash. If it turns out that conversion is to be easy, then the "deal" may achieve little more than an upping of interest rates, while still allowing conversion of government debt into cash to feed the inflation.

•  
**Natural rubber tires** may be on the market again in 1952, barring war. The stockpile will be built then, which means more for civilians.

**Paint** with a titanium base is moving onto the shortage list. The reason is that sulfur used in processing is hard to get.

**The fertilizer shortage** isn't so bad as the fuss in Congress indicates. Farmers will be able to go ahead with plans for big crops.

**Pesticides and insecticides** of DDT and arsenates may be scarcer. But you will be able to buy substitutes in most cases.

•  
**Censorship is growing.** The government is holding out more and more information. Some of this is necessary for security reasons. But there is abuse, to hide mistakes. From now on, you will get less official information on what the government is ordering and how much.

•  
**Politics, on the Democratic side:** Take reports that Truman won't run in 1952 with salt. They come from Democrats with axes to grind—men who don't like Truman, or men who want to be the candidate themselves. Truman is coy. But the best bet today is that he will run.

**On the Republican side: The field is open.** Taft is in the spotlight, but the Dewey, Warren, Stassen, and Lodge factions are out gunning for him. Eisenhower is most mentioned to stop Taft. But he, too, is coy.

**Next year has the makings of a hot campaign.** GOP hopes are up, as incidents like the RFC plague the Democrats. It can be a horse race.

**Keep this in mind in judging Washington:** Unless there's a big war, politics will get into government policy more and more.





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MOBILIZERS Wilson (head of table), Eric Johnston (back to window), and ODM counsel Bergson dicker with AFL's Green, Railway Clerks' Harrison, CIO counsel Goldberg (back to camera), CIO's Carey, and UAW's Walter Reuther (facing camera).

## Labor vs. Mobilizers: What's Involved

A foreign service man, taking his annual leave in Washington, made the only cheering comment on labor's revolt that was recorded all week: "If union leadership in any other country in the world," he said, "took the position it is taking here, that country would today be in the throes of a general strike."

For what comfort there was to be taken from it, the facts were that close to 60-million Americans were busily and productively at work this week; that strikes were at an abnormally low level; and that the mobilization effort was moving right along. All this, despite the existence of a cold war between the heads of unions representing more than 15-million workers and the heads of the industrial mobilization and economic stabilization programs.

• **Labor Outvoted**—When labor representatives stalked out of the Wage Stabilization Board three weeks ago, their action was interpreted as a fit of pique. They had been outvoted by public and industry members on WSB's

General Order No. 6. The unions wanted to allow wages to go up 12% over their January, 1950, figure; the decision was for 10%.

This interpretation was strengthened by the admission of an important CIO official who acknowledged that, if the industry-public majority on WSB had proposed 12%, the unions would have been after 14%. "That's just sensible bargaining," he declared.

And labor's exit from WSB seemed just "sensible bargaining," too. It was clearly designed as pressure on Economic Stabilizer Eric Johnston, who has the power to amend WSB actions before he approves them.

• **Bait for Unions**—Johnston had a devious idea for getting the union men back on the board. He approved General Order No. 6 with its 10% limitation, then went on to "recommend" seven further actions to the board (BW—Mar. 3 '51, p120), pointedly indicating that they would have his immediate approval. Johnston's seven recommendations would give labor everything it

wanted in loopholing wage stabilization, much more than it had any right to expect.

Under the circumstances, Johnston expected labor to run back to WSB and vote out, in alliance with the board's public members, all he had recommended.

• **Hot Cake**—But Johnston burnt his fingers.

While he was devising his plan in a leisurely way—he was advised to take his time and let labor cool off—other things were happening that raised the temperature of everybody concerned.

The union men had been meeting with mobilization boss Charles E. Wilson in an attempt to induce him to name a labor man among his top aides. With obvious reluctance, he came to the conclusion that he had to accede to their request. But instead of picking up his telephone and communicating directly the decision they were so eager to hear, or instead of writing them a reasonably friendly note, he dispatched a stiffish letter on which his signature

was rubber-stamped. A small matter, perhaps, but in the tense atmosphere it proved incendiary. The union group took it as a gesture of contempt, as proof that Wilson's acceptance of a labor aide was meaningless window-dressing.

• **Price Controls Spark Fight**—Meanwhile, the unions were informed that Price Administrator DiSalle was readying Ceiling Price Regulation No. 7 (BW—Mar. 3 '51, p. 24). To them, this order protecting retailers' percentage margins was proof of their contention that a wage freeze was real, but price control was a fiction. They saw an opportunity to broaden their fight against Wilson and Johnston by identifying themselves with consumers' interests.

Thus, instead of taking Johnston's bait and returning to WSB, they exploited the simultaneous issuance of Johnston's approval of General Order No. 6 on wages and Price Regulation No. 7 by pulling all labor representation out of posts in the mobilization command.

• **Policy Reversed**—At first blush, it looked as though the Wilson-Johnston position was a strong one. Wage rates in important sections of unionized industry were already close to their 10%, General Order No. 6 ceiling. Escalator clauses in many contracts, operative on cost-of-living figures due early in March (page 112), would carry them beyond 10%. Workers could only get their full benefit if No. 6 was breached. Johnston had recommended that WSB breach it, but the board had to have its labor members back if it was to act.

Hence, it seemed that rank-and-file union pressure would build up on labor leaders to return to WSB and serve up Johnston's cake. But Johnston didn't wait for that to happen. With haste smacking of panic, he reversed his field. He ordered into effect one of his recommendations for allowing escalator clauses to operate free of the 10% ceiling. They could sit out Wilson for that much longer.

• **Campaign Keynote**—This week the unions opened a big campaign to make friends for themselves and enemies for Wilson, Johnston, and DiSalle. CIO President Philip Murray started it with a nationwide radio address from Miami. Other labor men will follow. In what they have to say, they will soft-pedal labor's special interest, attempt to speak for the American consumer. Wilson's "big business background and bias" will be the focus of the attack.

• **Manpower Is the Big Worry**—What labor really wants, however, cannot be so easily dramatized. Labor is worried more about the future than the present.

A principal cause of labor concern is the handling of manpower problems under the Wilson authority. Not now, but soon, basic decisions will have to be

made on civilian vs. military claims on the labor force, on occupational deferments, and on the classification of industries as more or less critical. Beyond that is the possibility that labor shortages will necessitate manpower allocations and that we will get something approaching a national service act.

The Wilson organizational chart shows the line of authority on manpower matters running: Wilson to Lucius Clay to Arthur Flemming. The unions urgently want manpower put back into the Labor Dept. or handed to someone a lot more labor-minded than either Clay or Flemming. They feel they can live or die by what's done on labor allocations.

• **Dispute Machinery**—Labor feels very strongly that the Wage Stabilization Board must be transformed. Now, WSB has no disputes-settling function. Labor leaders see, just around the corner, disputes developing on union security, job conditions, and a host of other matters, as well as on wages. They want a tribunal like the old National War Labor Board, which will both adjudicate these disputes and make wage policy. It would enable labor to do all its bargaining in one place, play one issue against the other.

In this matter, industry is the chief opponent to what the unions seek. In-

dustry's position is to leave WSB alone, rely on the traditional processes of collective bargaining to deal with disputes. While the unions are usually the most vociferous advocates of collective bargaining, in this instance they are selling it short. Although they do not say so publicly, what they are afraid of is unfavorable public reaction to strikes during mobilization. And if they can't strike for what they want if negotiation isn't successful, collective bargaining is not worth very much to them.

• **Recognition**—What labor wants from Wilson in the way of high-level representation in his office is less logical than psychological. Basically, it wants the feeling of being a welcome and necessary part of the great effort. It wants what, in the jargon of labor relations, is connoted by the term recognition. And it wants this all the more avidly because the leadership of labor acts and thinks like Johnnies-come-lately to the seats of power.

• **Happy Ending**—Because organized labor is assumed to be a potent political force in the land and because many distasteful things, which will have to be done before mobilization is complete, can only get done effectively if labor cooperates, the unions will get enough to satisfy them in the end. Truman will see to that if nobody else does.

## Higher Price to Pull Out Uranium

Three-times-higher price for Colorado plateau ores may raise production 50% this year. New pact with South Africa.

The Atomic Energy Commission is out to find more uranium and more dependable sources of uranium in case of war. Within the past few weeks it has (1) tripled the price it offers for uranium ores mined from the Colorado plateau, (2) made a uranium purchasing agreement with South Africa, and (3) started exhaustive studies of ways to extract uranium from very low-grade sources such as phosphates and shales.

• **Lure for Ore**—By raising its offer for Colorado ores, AEC hopes to stir up 50% more production by the end of the year. Some, it expects, will result from more spirited prospecting and from new mines. But a large share may come out of hiding in old mines, which under the old price were uneconomical to operate.

A year ago, Colorado miners appeared to be satisfied with the prices they were getting for their ore. Some 250 to 300 of them were giving the U.S. a domestic uranium production reported by AEC to be greater than Canada's.

But when costs began to rise and available manpower fell off as a result of the Korean war, miners started

grumbling. The sound of discontent reached the ears of western senators, some of whom are members of the joint congressional atomic energy committee. Now all is quiet again.

Six processing plants on the plateau are now working full time to keep up with the renewed flow of ores. Two more, one at Salt Lake City and one at Grand Junction, Colo., are scheduled to begin operating soon (BW—Mar. 3 '51, p. 102). And there's talk of building still another plant at Ship Rock, N. M., near the Navajo reservation.

• **Diversified Supply**—Through its agreement with South Africa, AEC will not only increase its supply of uranium, but it will also lessen its dependence on the Belgian Congo—now by far the most important single source.

During the war, virtually all the uranium that the U.S. consumed in the Manhattan Project came from the Belgian Congo. It is believed that some 70% of U.S. consumption still comes from there.

To add to the disadvantages, Britain is now competing for a larger share of Belgian Congo uranium output, and the Belgians want to up the price.



# All-Out Expansion—But

Officially, the "tough" mobilizers have lost their fight to limit plant expansion to bare essentials. But in practice it may turn out almost that way.

Washington was still uncertain this week as to whether the government's industrial expansion program would be tough or soft (BW—Mar. 3 '51, p19).

For the record, at least, the battle over policy was finished. The all-out expansionists had won their fight with tough-minded mobilizers who were demanding that government aid be limited to new defense production or closely allied projects. Policy, for what it was worth, would not be that tough.

• **Signs of Stiffening**—But there were indications that the actual handing out of government loans, loan guarantees, purchase commitments, and five-year tax amortization would be tougher than heretofore.

First, the new criteria for granting the several forms of federal expansion assistance still hadn't emerged from the Defense Production Administration, which expected to have them a week ago. The word was out that there would be some additions to the old requirements established last November by the National Security Resources Board.

• **Final Say**—Then came the appointment of Maj. Gen. Thomas F. Farrell, on loan from the Army, as Deputy DPA Administrator for Resources Expansion. Farrell now has the last say on all applications for government aids to industrial expansion—and a big say in controls on facilities construction.

A logistics expert, Gen. Farrell earned a reputation in Washington during World War II in a job similar to that he now holds. As chairman of the War Production Board's Facilities Review Committee, he was a key member of the team selected by Ferdinand Eberstadt to limit industrial expansion strictly to facilities urgently desired by the military.

• **Vague Standards**—DPA's new set of criteria may supply most of the answers as to what the future expansion program will look like. But standards for expansion necessarily must be rather vague signposts for the administrators.

The law on expansion aids—the Revenue Act of 1950 for fast amortization, the Defense Production Act for all the others—set only one general requirement: A project must be essential to defense needs in order to qualify for federal aid. The degree of essentiality can scarcely be fixed by hard and fast criteria in view of the policy decision that a great deal of nonmilitary production must be built up during the mobilization period.

So the final determinant on expansion will be the toughness, or softness, of the administrators of the aid programs. NSRB's W. Stuart Symington, who ran the expansion show until DPA took it over in January, was accused of being "soft" because he gave the green light to steel and aluminum expansion projects that promised more output than mobilization would require if civilian uses were sharply trimmed.

• **Long Range**—Actually, Symington's main difference with the "tough" mobilizers was over long-range approach. Since military needs might stay at high levels for a long time, he figured, the civilian economy must be expanded concurrently, both to meet unforeseen military requirements and to support the high cost of prolonged mobilization.

NSRB prescribed specific criteria for all the aid programs, but set these general standards:

• Give first priority on assistance to projects urgently needed for military and supporting programs.

• Help next those developments, especially of basic materials, that would be of value to defense in an all-out war and would be needed, in any event, if our economy is to continue to expand.

The "tough" mobilizers would give

assistance only to the first of these two types of projects. They argue, with some reason, that piling expansion not urgently needed atop the necessary defense program will add to the strain on the economy at precisely the wrong moment. They are right, of course, if industrial expansion is permitted to grab too much labor and materials.

• **Indirect Approach**—They think the Symington program was headed in that direction. So they want to put on the brakes—at least, for the time being. Having lost the battle officially to limit assistance to strictly military projects, they now hope to accomplish much the same thing by indirect methods.

One proposal is a ban on further assistance for plant integration. This would stop, for example, government backing for the addition of a wire mill at a steel plant that previously had not made wire. A lot of the new expansion by steel projects, which already have loans or fast amortization, would fall into this category.

• **Conversion**—There also is talk of a big new push for conversion, especially of smaller plants, from normal to defense production. This would be accomplished by pressuring the military into hunting out plants capable of turning out arms or components and giving them contracts. At the same time, the controls agencies would help such plants obtain materials and equipment.

Still another idea is to step up efforts to obtain raw materials, especially metals, from abroad. There's a growing conviction among the "tough" mobilizers that most domestic minerals developments proposed to date may be either too little or too late.



## Hughes' Helicopter Gets More Ground Tests

Howard Hughes' giant twin-jet helicopter still isn't airworthy. The XH-17, world's largest helicopter, went through another series of ground tests at Culver City, Calif. Still to be added are a tail boom, flight control system, tail rotor, and horizontal

stabilizer. It was designed for short-range moving of equipment such as tanks, trucks, and bridge sections. The craft was damaged during tests last July, when it tore loose from its moorings. Since then, some of its features have been modified.

**Metal**

(Thousands of short tons)

**1940 1950****Metal**

(Thousands of short tons)

**IRON  
ORE**

Domestic Production	82,540	109,939
Imports	2,776	9,542
% Dependence on Imports	3%	8%

**MANGANESE  
ORE**

Domestic Production	45	146*
Imports	1,436	1,804*
% Dependence on Imports	97%	93%

**CHROMITE**

Domestic Production	negligible	negligible
Imports	737	578**
% Dependence on Imports	100%	100%

**ANTIMONY**

Domestic Production	1.9	1.2***
Imports	15.9	13.5****
% Dependence on Imports	89%	92%

**TUNGSTEN**

Domestic Production	2.5	1.9*
Imports	2.8	7.9**
% Dependence on Imports	53%	80%

**LEAD**

Domestic Production	
Imports	
% Dependence on Imports	

**TIN**

Domestic Production	
Imports	
% Dependence on Imports	

**COBALT**

Domestic Production	
Imports	
% Dependence on Imports	

**ZINC**

Domestic Production	
Imports	
% Dependence on Imports	

**COPPER**

Domestic Production	
Imports	
% Dependence on Imports	

Data: Bureau of Mines, Bureau of the Census, American Bureau of Metal Statistics.

\*First three quarters of 1950 at annual rates.  
\*\*First 10 months of 1950 at annual rates.\*\*\*1949 data.  
\*\*\*\*Estimate.

## U.S. Needs More and More Foreign Metal

The charts above point up a basic fact in the metals situation today. Despite 10 years' effort to expand domestic production, the U.S. is more dependent than ever on foreign output.

For metals such as chromite, cobalt, and tin, American industry still has to rely almost completely on outside sources. For others—even copper and lead, which are heavily mined in the U.S.—more and more has to come from abroad.

• **Survival Possible**—This need for imports, of course, is all tied to the present level, and standard, of U.S. industrial output. On a bare-bones survival diet, the economy could exist with a great deal less from overseas. Outside of uranium, it could get along—at least temporarily—without any supplies from Europe, Asia, and Africa, if war should block them off. But it could do it only by cutting deeply into civilian supplies

and by setting up the most elaborate system of controls ever seen.

The greatest storehouses for U.S. materials today are South America and Africa (Asia exports fewer metals, but among them such vital ones as tin and tungsten). Loss of Africa would strike off our biggest supply of uranium, chromite, and cobalt. It would be a severe blow, but it would still leave us with four possible ways of getting by.

• **Develop low-grade ores.** Fortunately, the Western Hemisphere has some of most metals. For instance, if manganese shipments from India and Africa were shut off, adequate supplies could be had by developing Brazilian deposits. Further, industry could turn to low-grade North American ores and to reclaiming manganese from slag dumps.

Cobalt is another case. Ordinarily low-grade domestic output wouldn't be

expanded. But the government now has guaranteed a market to refiners (BW-Feb. 24 '51, p. 70), and the plan is to step up output to supply about 40% of U.S. needs.

• **Conserve.** A cutback of nonessential products is the first step here; finding ways to stretch metal in essential items is the second.

As long as a metal is in plentiful supply and is competitively priced, there is no big incentive for industry to search for new techniques. But look what happened in tin when supplies got tight. In 1941 it took 41,000 long tons to make 25-billion cans. In 1950 31,000 tons made 33-billion cans. New electroplating methods, which deposit thinner coats, now stretch supplies 75% farther.

• **Substitute.** Naturally, any substitute program in a full-blown economy merely robs from one use to supply an-

## 1940 1950

433  
282

430  
520

39%

55%

negligible  
143

negligible  
122

100%

100%

negligible  
2.1

0.3\*\*\*  
4.3

97%

94%

590  
190

618  
429

24%

41%

927  
454

940  
644

33%

40%

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other. But in a real pinch, it is possible to supply the most essential need. Germany proved that in the last war when it made "ersatz" do in place of copper, tin, nickel, and many other "essential" metals.

• **Improve mining techniques.** Threat of short supplies always puts pressure on industry to seek improved methods of mineral extraction. That stretches out reserves by making it possible to use low-grade ores. Further, in any desperate spot, industry always intensifies recovery from scrap (not included in charts). That sometimes involves more thorough methods, sometimes new techniques.

• **Outlook—**Barring any cutoff of supplies, the prospect now is that metals imports will climb steadily over the next few years. Increases in domestic output can't possibly keep pace with the new needs of our industrial machine. In fact, there's sure to be straining even for world supplies to measure up to any economy producing 120-million tons of steel a year.

## Materials Still No. 1 Worry

Scarcities head the list of things that are bothering businessmen. Many feel the DO system is already breaking down. Wage and price orders are new headaches. Big inventories plague some.

"There isn't a problem big enough to keep me awake nights. That's because all the problems are so big that they keep me on the job 16 hours a day. After that, I sleep like a horse."

That's what a New England executive told a BUSINESS WEEK reporter last week when asked, "What keeps you awake nights?" Across the nation, it was the same thing—businessmen are again driving themselves at a frenzied wartime pace.

• **Materials—**Far and away the biggest worry that keeps them hopping is the constant shortage of materials. This has been the No. 1 headache for about a year, but never has it throbbed so hard as right now. Nor has the priority (DO order) system seemingly been much good as an aspirin. In fact, some executives feel that the DO system already is breaking down (BW—Feb. 24/51,p30) and that a full-scale Controlled Materials Plan is the only answer.

A steel man puts it this way: "It looks as if this thing will collapse of its own weight. They keep increasing these defense orders, and after a while nobody can get anything. Under CMP you can at least get a ticket to the show. Furthermore, the way these defense orders are issued puts us in a bad spot with our civilian customers. No salesman likes to go to a civilian customer and say, 'Look, you are going to make 80% fewer gas ranges this year because we are going to give you 80% less steel.' Right away the customer feels he's being discriminated against."

Two other complaints about the DO system are fairly common:

• "There should be some system to let plants doing very important work get some priority over those that aren't. The numerical basis is no good."

• "We go to an aluminum company and tell them we have a job with a DO number and ask, 'When can we get delivery?' They say, 'About October.' Then we have another job, without a DO number, and we're told we can get delivery next month."

• **Regulations—**Worry No. 2 is a brand-new one: uncertainty over what the new price and wage orders mean. Department store executives, for example, complain that the price orders are fuzzy and will mean an enormous amount of bookkeeping at a time when good employees are scarce. Other sellers report they are so baffled that they have taken their goods off the market until

Washington tells them more specifically just what the price is.

On wages the question is: Can you raise them or can't you? One executive says he called up his regional stabilization office for enlightenment and was told that they hadn't got copies of the latest regulations yet, hence were in the dark, too. Meantime, he practically had a strike on his hands.

• **Manpower—**Worry No. 3 is manpower. Like materials, the shortage of skilled workmen is an old bugaboo. But businessmen say there's no worker shortage in the absolute sense. It's the churning around that bothers them.

For example, a druggist complains that the turnover rate among his soda jerkers is tremendous. Conversely, a machine-tool builder mutters that the only new labor now available is "drug-store machinists."

Regionally the biggest shortage seems to be on the Pacific Coast. A BUSINESS WEEK reporter explains the phenomenon thus:

"We have very little production-line work in metals. Most plants are small. They don't have training programs, and they depend on the flow of idle labor replacements. That's O.K. in normal times, but when there's a manpower shortage—woof! We're in trouble."

The squeeze between costs and selling prices comes in for some mention, but it rates a poor fourth on the list. Taxes and labor troubles—usually sure ulcer-producers—have nearly vanished from the businessman's vocabulary.

• **Relatively Minor Worries—**More bothersome—especially in soft-goods trades—is the size of inventories. Manufacturers and distributors don't think they are stuck in the long run. But they now have such huge sums invested in merchandise that they are worried about their working capital position.

"We've got too much money tied up in goods," says one department store executive. "Take sweaters. We're knee deep in sweaters now, and besides the stuff won't go on the counters until next fall. But we may not be able to buy them then. And our suppliers say 'Take them now or not at all.'"

This opinion seems to be bolstered from two other directions:

• Some wholesalers are beginning to complain that their customers are growing alarmingly slow in settling up.

• Merchants in general say the banks are beginning to tighten up pretty stringently on credit.





MOSCOVITES will get more for their money, because . . .

## Russia Cuts Some Prices

Move boosts desperately low living standards about 10%.  
But you can't jump to any conclusions about Russian rearmament;  
it's still going on.

To the Soviets, last week's price cuts for some 135 consumer staples is a triumphant demonstration of a favorite Russian thesis: that the country is not rearming, it's not pushing military production. The U.S.S.R. is also making good propaganda hay out of the fact that it is cutting prices while the West is boosting them. But Westerners are apt to raise a skeptical eyebrow, because heavy industry and armament production still dominate.

• **Cuts Will Help Some**—There's no doubt that the reductions—averaging somewhere near 15%—do permit a small but real rise in wages and standard of living. It's a limited progress—probably under 10% when all goods are taken into account. Included in the cuts are most foods, liquors, gasoline, some appliances, soap, cosmetics, tobacco, furniture, and glassware.

It's probably true, too, that the level of real wages in the U.S.S.R. is the best since prewar. Average Soviet monthly earnings are now about 600 rubles. At the official ratio of roughly four rubles to the dollar, that's under \$40 a week, for a 48-hour week. But when you figure in low rentals, plus free medical services, that \$40 a week is roughly equivalent to \$50 a week here. And the woman of the Soviet family is more apt to be a wage earner.

• **But There Are Weaknesses**—There are several factors, however, that weaken

the official Soviet line. First there is a question just how widespread the cuts will be. The rise in real wages is based on the assumption that all commodities are available for purchase; this is not true everywhere.

Then there's the ever-present fact that the Soviet standard of living is still very low; the people have to pay prices that make our rising price scale look like a consumer's heaven.

Here's a small sampling of what the Russian pays, and its U.S. equivalent:

March, 1951, Prices			
	Unit	Rubles	\$ Equivalent
White bread	pounds..	2.27	.57
Black bread	pounds..	.77	.19
Potatoes	pounds..	.30	.08
Beef (good quality)	pounds..	7.95	1.99
Eggs	dozen..	11.00	2.75
Men's wool suit.....		1,108.80	277.20
Rayon stockings .....		20.00	5.00

The Russians themselves were probably rather disappointed in the latest cuts. In March, 1950, a similar cut averaged over 21%; the claimed savings to the people was put at 110-billion rubles. Many items, including textiles, clothing, sugar, and potatoes, that were reduced last year weren't touched this time. And Moscow reports indicate nothing like last year's buying rush.

• **Behind the Cuts**—Economically, two things made the cuts possible: (1) increased domestic production, particularly of food items, building materials, and furniture; and (2) increased imports

from satellites of some consumer goods.

But the failure to cut prices on textiles, clothing, and shoes reflects disappointing output of these items. Both cotton textiles and shoes fell considerably short of the Fourth Five Year Plan goals in 1950. And supply still governs the distribution of many basic items, including meat.

• **Timing**—Politically, there are both advantages and disadvantages, from Moscow's point of view, to cuts now.

First, the timing pretty much coincides with the meeting of the Supreme Soviet this month. This suggests that Stalin felt the need of buying the support of the Russian people for a risky foreign policy.

But he might well have been abashed to have to do this just when the satellites are going in for an orgy of austerity—rationing and such. Czechoslovakia has just rationed bread and flour.

• **Shift to Peace?**—Finally, the argument that the cuts prove Russia's peaceful bent won't hold water. It's true that since the war food and consumer goods have shown a fast percentage gain—but mainly because they were starting from closer to zero than was comfortable.

But if the Soviet were really shifting the emphasis of its economy from war to peace, price cuts would have been far more drastic. A man earning \$40 a week wouldn't have to pay \$5 for a pair of rayon stockings. But explosives take rayon, too, so stockings have to stay sky high.

## All-Rail Ore Shipments Flunk First Winter Test

It just doesn't pay to ship iron ore by rail all the way from the head of the Great Lakes down to steel centers. Steel men are coming to that conclusion as they add up the cost and the results of the first test this winter.

• **Missed Goal**—The goal set last fall for moving ore by rail while the lakes were frozen over was 2-million tons. But it looks now as if only about two-thirds of that amount will have reached down-lake mills by Mar. 15.

The rail strike had a lot to do with this poor showing, but severe weather was a more important factor.

• **High Cost**—Cost is another big drawback. The all-rail freight rate from Duluth, Minn., to Youngstown, Ohio, is \$4.38 a ton. By ship and rail it's only \$2.90 a ton.

• **Emergency Only**—After this winter's experience, steel men know that all-rail shipment is strictly an emergency measure. But unless lake carriers bring down well over 80-million tons of ore this year, steelmakers may have to resume all-rail shipments next winter.



# OPS Jigsaw Pieces Falling Into Place

Orders, a hodgepodge now, are slowly building up machinery to control prices with reasonable efficiency.

Regulation by regulation, the Office of Price Stabilization is building a machine for controlling prices all through the economy.

You cannot see this yet. The orders that have come out so far still add up to a hodgepodge. Last week's retail pricing order, for example, seems to have no direct connection with the rollback on hides.

- **Over-All Plan**—But the fact remains that there is a connection—that both regulations were issued according to a master plan roughed out by Mike DiSalle's top policymakers. Once organization has been completed and details have been worked out, the machinery is intended to:

- Permit pricing of every type of goods with a minimum of red tape.

- Dovetail techniques so that pricing at one level makes for easier enforcement at another.

Of course, you have to distinguish between the machinery and the job the government has set for it to do. As blueprinted, the machine looks as if it could work with reasonable efficiency—given tough-minded enforcement.

- **Pressures**—But that's no guarantee that the current rise in prices will be stopped either now or later. Whether it will depends largely on how well the government can withstand pressure from farmers, business, and labor. Right now, DiSalle thinks the most he dare try is to hold this summer's price level to 5% or 6% above today's.

There's not much new in the system that OPS is now putting together. It is largely a legacy from World War II's Office of Price Administration. However, today's stabilizers are picking up only the best of techniques OPA worked out in five years of trial and error.

Briefly, here is the strategy that the price controllers have mapped out:

- **Soft goods and home furnishings**—hold manufacturers under fairly firm price controls, allowing them to pass along only part of their increases in cost. Let retailers operate under a loose control that does no more than prevent extra increases beyond those justified by advancing costs.

- **Consumer hard goods**—keep a tight grip on prices all the way from manufacturer to buyer, specifying the selling price for each product at each level.

- **Food**—don't try for anything more than the loosest kind of control all the way down the line for a while. Legally, OPS can't fix the price of most

farm commodities. And if it can't control prices at that end, it can't hope to do more than prevent profiteering as the products go through the distribution chain. Later, when Congress has changed the law or when all agricultural products are selling above parity, OPS may apply the same tactics to food that it is now using in other soft goods—fairly tight controls on the processor and looser regulation at retail. Its livestock slaughtering order is an example.

- **Four Tools**—To achieve these various objectives, OPS will place its chief reliance on four direct methods of price control. Here they are in order of effectiveness.

- **Flat dollar-and-cents ceilings** prescribed by OPS for all sellers. (Example: This week's order placing a ceiling of 45.76¢ a lb. on white and extra middling 15/16' cotton.)

- **Flat dollar-and-cents—or percent—margins** set by OPS for all sellers.

- **Margins based on the individual seller's own experience.** (Example: Ceiling Price Regulation No. 7—the retail apparel and house furnishings order issued last week.)

- **Freezing of prices of all sellers** as of a cut-off date. (Example: the general order issued by OPS on Jan. 26.)

If it were possible, DiSalle would certainly want to use dollar-and-cents ceilings in every case. For one thing, this type of control puts an immediate and permanent stop to price rises. For another, it is wonderfully easy to enforce; OPS can require preticketing of goods by suppliers, before they reach the seller, so that customers can do their own policing.

- **Will It Work?**—But the simplest and most effective control isn't always the most practical. Some kinds of goods, by their very nature, cannot be preticketed or put under a nationwide ceiling.

How are you going to get a ceiling on women's hats or other highly styled wearing apparel—the few-of-a-kind goods that account for so much of sales? OPS could never prescribe a flat dollar-and-cents price for each item.

Nor would prescribed margins work, either—for the same reasons. World War II experience has shown that only a system preserving each dealer's traditional markups has any chance of success in the fashion goods fields.

- **Item by Item**—The problem of stabilizing prices, then, boils down to this: Item by item, OPS must choose the one weapon from its arsenal that's best

adapted to the job to be done. And the most practical weapon in one case won't always be the most powerful.

The selection of a control, however, involves something more than mere tailoring to the nature of a product. In setting prices for, say, a producer, OPS must always keep in mind the effect of a ceiling on other businesses, farther along the production-distribution line. Refrigerators might be priced most fairly under a historical margin regulation that leaves each maker free to preserve relative profits. But, since these machines tend to retail at uniform prices, OPS might find it advisable to freeze the factory price, permit preticketing.

The job of matching controls to the millions of articles the U.S. produces has been made easier for OPS by its World War II predecessors. Today, the price stabilizers have a firm idea of the kind of regulations they will issue for each type of goods.

- **Fashion goods at retail**—apparel, furniture and home furnishings—have already been covered by a historical-margin-type order: CPR-7 (BW—Mar. 3 '51, p24).

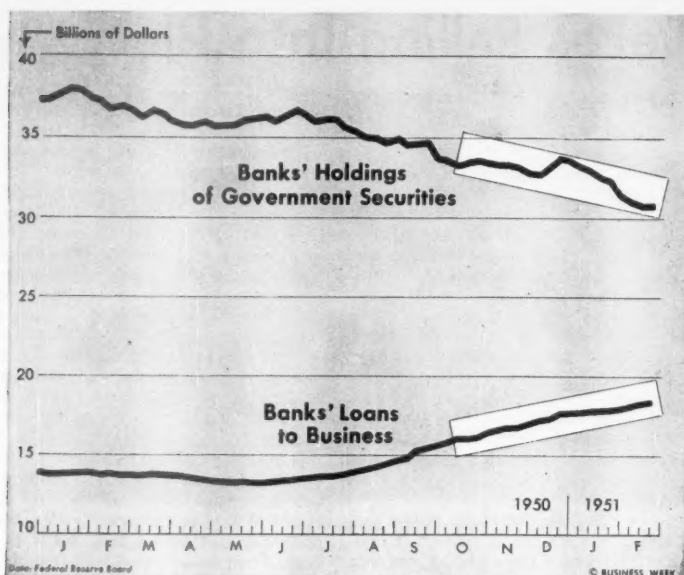
- **Other nonfood at retail** will be covered by a series of orders putting autos, building supplies, and major household appliances under the preticketed, nationwide dollar-and-cents ceilings. Uniformity is possible since models rarely change more than once a year. Small appliances may get this same treatment, where standardization is fairly well-established. Otherwise, these goods may be put under CPR-7—or left under the Jan. 25 freeze.

- **Food at retail** is destined for margins prescribed by OPS and due out soon. The spreads may be nation or areawide, fixed separately by class of store.

- **Wholesalers** will, in general, be covered by the same type of order used for the corresponding item at retail. Where factory preticketing is used, of course, the wholesaler's selling price won't appear.

- **Manufacturers—all goods**—will be covered by freeze-type orders in virtually every case. Producers don't meet the "new item" problem so often as retailers do. On the other hand, costs and managerial efficiency aren't uniform enough to justify dollar-and-cents ceilings.

A freeze, however, can still permit relief for hardship cases. When OPS issues its across-the-board order sometime this month, roll-forwards will be granted, according to this formula: Prices may be raised above the pre-Korea levels by the amount that materials and labor costs have risen.



BANKS ARE ABLE to increase loans just by selling governments. That's the basic . . .

## Credit Problem: A New Attack

Federal Reserve and Treasury have agreed on a general approach. First result is a new nonmarketable security to put part of the debt on a noninflationary shelf.

The monetary policy dilemma that has set the Federal Reserve Board and the Treasury at swords' points is so sharp it can be charted—as it is above. But last week Treasury Secretary Snyder and FRB Chairman McCabe announced they had got together on an agreement reconciling the clashing needs of credit policy and public debt management. They have reached "full accord."

Only one part of the mechanism of the "accord" has been announced yet—the plan for a new nonmarketable 2½% bond. But there's no mystery about the discord:

**FRB's problem** shines out of the chart. Commercial banks are increasing their loans at a terrific rate. This is clearly inflationary, and FRB doesn't like it—but, as the chart shows, FRB is in the position of itself providing the funds the banks are lending. The same thing is true of institutional investors such as insurance companies and savings banks. Both they and the banks hold enormous quantities of government bonds. Anytime the chance offers for a profitable loan, they need only sell some of their bonds. And at present FRB stands ready to buy all bonds offered that can't be sold elsewhere. FRB would like to ease off on its buying; this drop in de-

mand would make the price of government bonds drop and make banks think twice before they took the loss. But that would bring FRB smack up against . . .

**Treasury's problem.** If the Federal withdrew its peg and the price of outstanding government bonds dropped, the yield a buyer gets would amount to a higher interest rate. When Treasury issued new bonds—for refunding or to raise new money—it would have to match that higher rate if it hoped to sell its bonds. Over the course of time the carrying charge on the federal debt would rise—and the debt is now so large it is kept from being a burden only by the low interest it bears. So . . .

**The over-all problem** is to find some device that will prevent banks and institutions from dumping their governments and still will not raise the cost of the public debt—or not very much, anyway.

That's not a problem that can be solved in one sweeping gesture. The new attack on it is piecemeal. This piece announced this week is aimed at one particular segment of the problem—the nonbank-eligible 2½% long-term bonds, mostly held by institutional investors.

The approach, essentially, is to offer

the holders a bribe—an extra ¼% interest—if they will debar themselves from dumping their bonds. Here's how it works:

• **Nonmarketable**—Treasury has agreed to issue a 2½% nonmarketable bond, that is a bond that must be held by the buyer until maturity. Present holders of the noneligible 2½% bonds will be able to turn them in for the new issues.

To make the new offerings more attractive, Treasury will not force the institutions to lock up their funds irrevocably. It will allow the new bonds to be exchanged for marketable notes of not more than five years maturity. This escape hatch will permit holders of the new bonds to liquidate if they have to. But they will probably have to do it at some loss of principal.

If the bulk of the \$19-billion of the marketable bonds can thus be put away in the nonmarketable corner, the Federal's market support problem is enormously simplified. For it is these issues that have been the main peg problem. This would leave the Federal's hands freer to use the short-term rate for what it is worth as a credit control device. And the higher rate on the new issue should make it a more alluring medium for investing savings.

• **Alternatives**—Just how successful the new plan will be hangs in large part on the reactions of investors to the new issue. If the market overcomes its traditional aversion to nonmarketable governments and holders convert their 2½'s, then real progress is possible. If, however, the conversion doesn't go well, we're about back where we started. A fresh attack on the problem would likely come on the basis of proposals from the President's committee recently appointed to reconcile Treasury debt management objectives and Federal Reserve credit policies. That group's directive points toward all sorts of direct controls at the individual bank level on the kinds of loans that can be made. Something like this may be needed anyway.

• **Dicker**—The new accord between these agencies grows out of a resumption of relations, apparently on the best of terms. For a long time, there was no contact even at the staff level.

What produced the change? One speculation is that the Treasury didn't want the onus of forcing on the banks a new harness of direct controls—which it would have to administer. Another is that neither the Federal nor the Treasury wanted their problem tangled up in the new presidential committee.

For businessmen, the upshot of this new accord should be: (1) a tightening in the availability of credit at banks and other lenders, (2) a hardening of interest rates. Initial reactions in both the government and corporate bond markets were toward a firming of yields.



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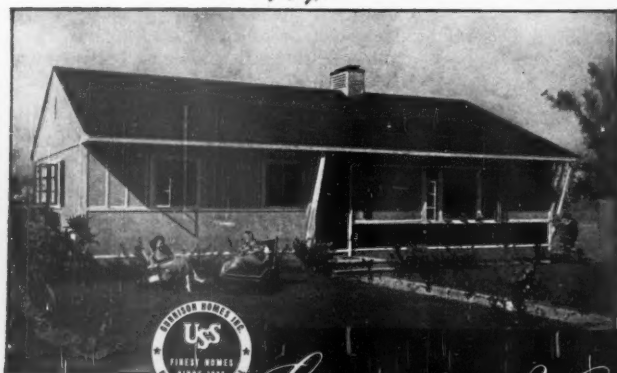
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## BUSINESS BRIEFS

The color-TV row will be decided by the Supreme Court. It said this week it would hear RCA's case against the Federal Communications Commission order that gave the nod to Columbia Broadcasting's color system. Meanwhile, RCA released full details on its new tricolor tube to licensed manufacturers.

Plant expansion in the power-short Pacific Northwest was given a go-ahead by Secretary Chapman—despite objections from some of his industry advisers. Said Chapman: "I am justified in assuming a calculated risk on power supply in the Pacific Northwest by approving expansion of defense industries based on power supplies available during the next few years under median-water conditions." The ruling directly affects aluminum-plant expansion, most likely by Alcoa.

Joe Adonis, the rackets boss, may lose the profits he's been taking out of a Ford trucking contract in the Edgewater (N. J.) area. Ford asked ICC this week to help it break the trucking monopoly held by Automotive Conveying Co., of which Adonis is part owner. Ford has done business with the company since the days of Harry Bennett.

NPA's hard-goods order, which was supposed to cover use of steel, copper, and aluminum, fizzled down to only steel. In the second quarter, makers of a long list of consumer durables will be held to 80% of their average rate of use of iron and steel in the first six months of 1950. Hope is the cutbacks will indirectly conserve other metals—while saving extra paper work.

Oleo won in Delaware when the legislature overwhelmingly passed a bill to allow manufacture and sale of colored oleomargarine.

New plane production will start at Boeing and Glenn L. Martin. Boeing got authorization from the Air Force to begin output of the B-52, the global jet bomber. Martin will build the Canberra light jet bomber, the British plane that recently cracked transatlantic speed records.

GM's \$3-billion of war orders breaks down this way, the company said: 10% for products like trucks that are similar to civilian output; 35% for propellers, engines, and other military items that the company has been building for some time; 55% for products unlike any GM has been producing.



# Food for thought

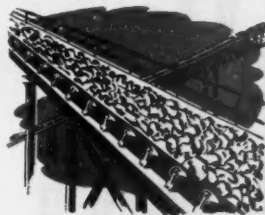


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# d. you have a defense contract?

## AND

do you plan to build — to carry out those decentralization plans NOW—when such a contract might help to pay the costs involved in building, in the training of employees, and in organizing for post-war operation?



If "YES" is the answer to this question it will pay you to get the facts on NEBRASKA—to find out why this center-of-the-country location assures you of

### LOW-COST TROUBLE-FREE OPERATION

now—and in the foreseeable future.



Write this division of State Government for specific information.

Dept. C.

**NEBRASKA RESOURCES DIVISION  
STATE CAPITOL LINCOLN**

## DEFENSE BUSINESS

### MRO Plan Runs Into Snags

Fast-expanding mines, railroads, and utilities say use of 1950 base will starve them. Textile machinery makers see trouble when military orders pile up. Steel shortage will limit special help.

The "write your own DO" plan for maintenance, repairs, and operating supplies (MRO) looked as simple as a tinkering toy when National Production Authority announced it last week. But already three big industries say the device won't work for them, and a fourth has warned NPA that it doesn't provide for expansion.

• **Special Rules**—NPA acknowledged that the plan wouldn't work for mining and transportation, when it issued the order. Special provisions are being prepared for these industries and will be announced soon. Electric utilities expect an exception in their favor, too. Textile machinery manufacturers say the plan will help right now, but want to know what will be done for them when textile mills get going on big military orders later this year.

Most of the complications stem from the use of 1950 as the base period. The general order allows a business to put a DO on as many dollars worth of MRO supplies as it used last year.

Spokesmen for mining insist they need a special MRO plan because of rapid expansion since the first half of 1950—a period when many mines now in operation were shut down. They argue that an order that merely allows everyone to do as much business as in 1950 doesn't help expand the production of metals.

• **Rail Expansion**—Railroads can put up a similar complaint. Old steam engines, which in 1950 had been cannibalized and set aside as scrap, are now being rebuilt and repaired. Railroad men argue that they're too far into an expansion program to be able to live with an MRO quota based on last year.

Electric utilities, at first glance, found the order unworkable. Fuel is listed in the regulation as an operating expense, but it's the production material for power generation. Interior's Defense Electric Power Administration is rushing letters to electric utilities telling them not to include fuel costs in MRO. Most electric utilities have carefully prescribed accounting systems set up under the supervision of Federal Power Commission and other regulatory bodies. These do not correspond in most details with the classifications in NPA's order, which was primarily based

on conventional manufacturing operations.

DEPA is drawing up a supplement to the MRO order that it hopes will spell out NPA policy in terms that can be understood and applied by utilities. The supplement is now being drafted for submission to NPA for approval.

• **Textile Needs**—The warning of the textile machinery industry was based on what would happen in the next few months. Textile mills anticipate a flood of military orders for heavy fabrics. MRO supplies based on a year ago won't be sufficient when these orders are being filled, the industry's advisory committee told NPA.

There will be more complaints of this kind from expanding industries. How far NPA can go in granting special help will depend partly on the damage DO orders for a million tons of steel will do to the already wobbly priorities system. It will take that much steel in the second quarter to meet the general MRO program, on top of 5-million tons for defense and defense-supporting industries.

• **Waiting for CMP**—NPA's problem is to keep DO orders in rough balance with supplies between now and July 1, when the Controlled Materials Plan is scheduled to take over. If it's liberal with special MRO programs, DO orders will outstrip available steel and other materials. If it's too tough, it will hamper expansion of key industries.

Chances are the controllers will give expanding industries the help they need—then hold their breath and hope that the DO system staggers across the July 1 finish line before collapsing.

### DEFENSE BUSINESS BRIEFS

Construction machinery will be supplied to key industries. NPA has ordered manufacturers to accept DO orders up to 50% of average output in the first half of 1950. If that's not enough for industries like mining, logging, and defense building, they will get an even bigger slice.

• The screen porch is under NPA protection. Screening manufacturers need

One of a new series of advertisements designed to tell the G-E Silicone Story to Industry.

## HOW YOU PROFIT FROM G-E SILICONES'

# indifference to temperature extremes

One of the big, important advantages of General Electric silicones is their ability to withstand extremes of heat and cold.

For example, products made of G-E silicone rubber remain flexible and serviceable at 500 F! And processes utilizing G-E silicone oil continue to function even when the temperature has dropped well below zero. Silicones are also ideal for applications subject to widely varying extremes of temperature.

Industry is currently making much use of silicones' indifference to heat and cold. *Where can you put this ability to work in your business?*



### HOW CAN YOU USE G-E SILICONES PROFITABLY?

If you've been looking for a material with a marked indifference to temperature extremes, it will pay you to investigate G-E silicones. Keep in mind, too, that the other important properties of silicones (chemical inertness and the ability to keep things from sticking) may help you improve your processes or products. For details on how G-E silicones may work profitably for you, write to Section N-3, Chemical Department, General Electric Company, Pittsfield, Mass. (In Canada: Canadian General Electric Company, Ltd., Toronto.)



#### Silicones Resist Heat!

Resistance to high temperatures has gained wide use for G-E silicone rubber in many applications. For example, ring gaskets made of this heat-resistant material for use in jet engine assemblies won't deteriorate under high heat—help keep 'em flying!



#### Silicones Resist Cold!

If you chill test tubes containing silicone oil and petroleum oil to a temperature of -50 F, you will find that the silicone oil remains free-flowing while the petroleum oil becomes stiff and congealed. This cold-resistant property makes G-E silicones important for lubricating delicate instruments subject to low temperature extremes.

GENERAL  ELECTRIC

## Fast cure for slumping sales



**LOCAL COVERAGE.** San Giorgio is an aggressive concern with regional distribution. On GOA panels their ads are every bit as good . . . get exactly the same treatment . . . as the campaigns of the biggest national advertisers. This company has learned from experience about the effectiveness of Outdoor Advertising. Write for

their story . . . the interesting and valuable facts . . . today. General Outdoor Advertising Co., 515 S. Loomis St., Chicago 7, Illinois.

★Covers 1400  
leading cities  
and towns



Here's  
"SELECTIVE  
SERVICE"  
that SAVES  
MANPOWER

Lorain Cranes in many capacities are available on rubber-tire or crawler mountings (shown), with attachments for handling practically any size, shape or type of material.

### LORAIN CRANE Speeds Flow of Materials at J. I. CASE CO.

This Lorain Crane gives "Selective Service" at the Burlington, Iowa Plant of the J. I. Case Co. It's not tied down to crew or location but, with one man operation, loads and unloads materials when and where they're needed. From gondola—to yard storage—assembly lines—Lorain "selective crane service" efficiency never varies with the hour or the season. No matter what the material handled, you save manpower—you save time—with a Lorain at your command. Investigate this answer to manpower savings now!

THE THEW SHOVEL CO.  
LORAIN, OHIO



THEW  
**LORAIN**

World's Largest Builder of Commercial Size Cranes and Shovels



set aside only 10% of production for military output. The order was issued after big defense orders to a few manufacturers disrupted trade channels.

Television production isn't interfering with military needs, the industry told top government officials. Cobalt inventories have been just about exhausted by the 650,000 sets made in January, but industry spokesmen assured DPA boss William H. Harrison that they can maintain that pace and still keep up on military orders.

Substitute materials have their troubles, too. NPA is preparing an order limiting the sale of paint brushes in which special nylon reduces the number of hog bristles needed. That's because the military needs more of the nylon; sebacic acid, a basic raw material, is scarce.

Natural rubber cut won't go into effect until Mar. 15. The original date was Mar. 1, but NPA was so flooded with questions that it decided to give the industry more time to adjust.

Electric lamps may go under rigid controls, all the way from raw materials to final shipment. Tungsten and molybdenum shortages led NPA to appoint an industry task force to study the effects of such an order.

Machine tool pool order system (BW—Jan. 27 '51, p30) will give the armed services or their contractors 70% of machine tool output. NPA has authorized General Services Administration to place pool orders for specified types and quantities. Manufacturers can use DO orders to get materials to fill pool orders.

Allocation of chemicals in short supply is being discussed by NPA, with the approval of the Chemical Industry Advisory Committee. The proposed order would be similar to the World War II WPB M-300.

Civilian shoe supplies won't be reduced by the NPA order putting hides under allocation; the military would get the leather anyway, sooner or later. NPA will channel sole leather, cattle hide upper leather, and men's weight calf leather to the military as needed. Allocation was ordered because supplies are expected to decline while military needs grow.

Heavy electric power equipment will be under complete NPA control after Mar. 16. The order covers power boilers, generators, steam condensers, transformers—anything costing over \$5,000. The government can allocate material, cancel or shift contracts.



# THE ANSWER

**to better performance and lower costs  
in the operation of industrial engines!**

*It's higher speeds!* Pioneered by Chrysler. Perfected by Chrysler.

Today equipment manufacturers and users alike know you can have all the advantages of higher speed engines—and lower costs, too.

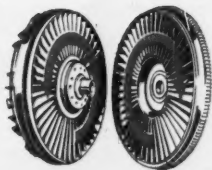
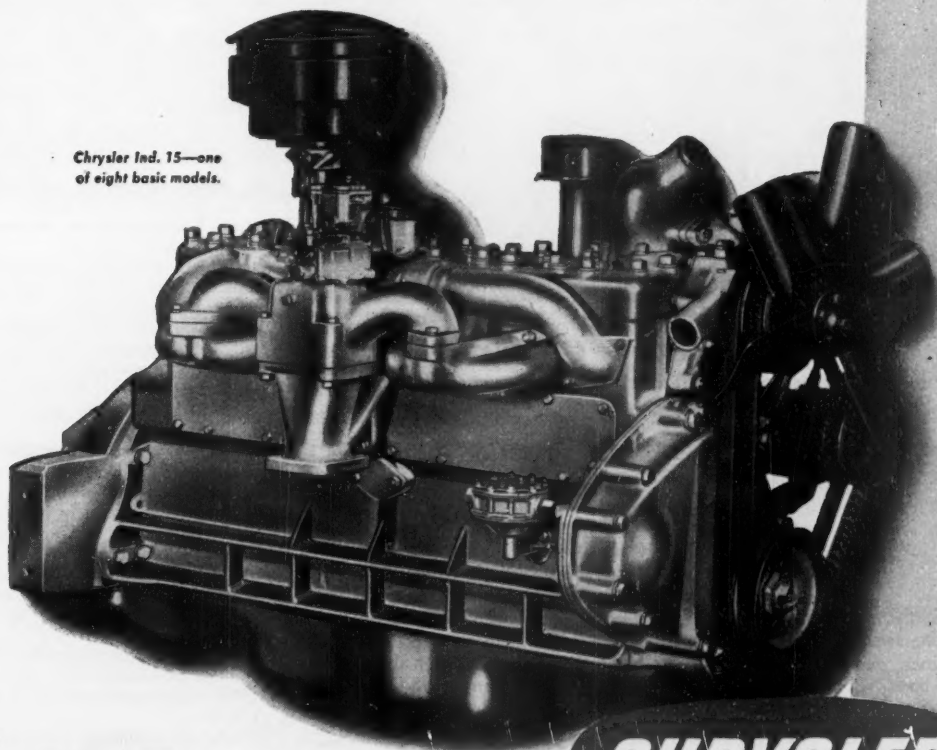
Famed Chrysler engineering and exhaustive research in higher alloy steels have produced a high speed engine that

not only develops more power, more economically, but also costs less to operate and less to buy.

Chrysler Industrial Engines are at present helping to lower costs in over 50 different types of applications. A letter of inquiry will bring an engineer well qualified to discuss your requirements. Address

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Chrysler Ind. 15—one  
of eight basic models.



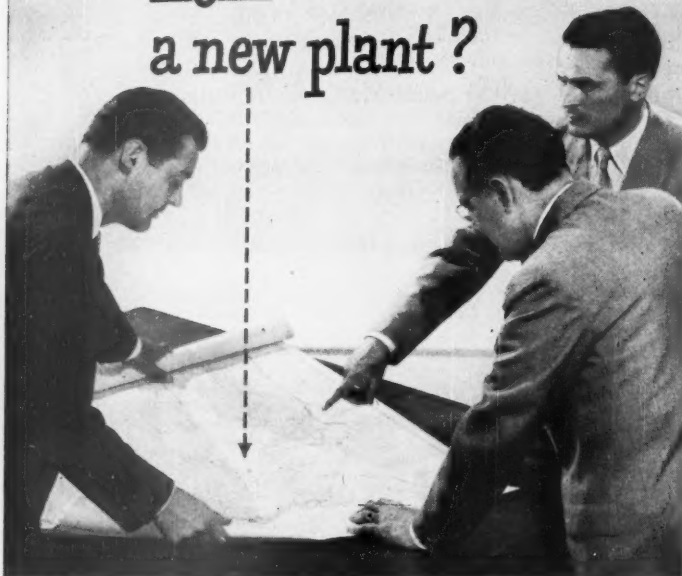
**CHRYSLER Gýrol FLUID DRIVE**  
Reduces Load Shock—Prevents Stalling!

Get longer, more trouble-free service from your equipment! Get smoother, faster, easier operation! Put a safety cushion of oil between power and load! Available on all models.

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many outstanding advantages against your specific needs.  
In complete confidence. Without publicity.**

**Y**ou're familiar, of course, with Cincinnati's central location. With the fact that 40% of the nation's population is within quick, low-cost reach in a 400-mile circle. You know how close this area is to raw materials . . . particularly the heavy basics like coal and steel. You're probably aware that Cincinnati has eight major trunk rail lines, over a hundred interstate truck lines . . . and the Ohio River, which serves the entire Central United States as a main artery of minimum-

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*Serving homes and industry in the Greater Cincinnati Industrial Area with an adequate and dependable supply of gas and electricity.*

**CINCINNATI**  
the city closest to America



## What's to Build?

**NPA issues statement clearing up which types of commercial structures have to secure licenses and which don't.**

To stem the rising tide of questions raised by its M-4 order limiting commercial construction, National Production Authority has issued a statement that seeks to answer the most frequent queries.

The order bans a long list of projects such as pool rooms, dance halls, and race tracks. It also calls for the licensing of essential commercial building.

Since Feb. 15, district and regional offices of the Commerce Dept. have been handling builders' applications for licenses to start projects. Before that, most of the clearances had been for structures that were already well under way.

• **End of Freeze**—Most of the questions as to what M-4 means have come in since the freeze on starts ended on Feb. 15. Here are some of the more frequent questions, and the answers:

**Q.** May construction of radio and TV stations be started without NPA authorization?

**A.** Yes, provided the Federal Communications Commission has approved the project.

**Q.** May a restaurant, exclusively for employees, be started in a factory without NPA authorization?

**A.** Yes, but an O.K. is needed if the restaurant is open to the public.

**Q.** Can a manufacturer's warehouse, which he uses in a way directly connected with production, be started without NPA approval?

**A.** Yes, but approval is needed if the warehouse is to be used in connection with distribution.

**Q.** Can public garages or parking facilities be started without NPA approval?

**A.** No, NPA must approve all garages that provide commercial services. But garages for parking only for home and apartment residents may be started without prior O.K.

**Q.** Is NPA approval needed for construction of hangars for maintenance, repair, or storage of commercial aircraft?

**A.** No.

**Q.** Is approval needed for school buildings, libraries, churches, and the like?

**A.** No, but it is required for a YMCA, a 4-H building, or a community center.

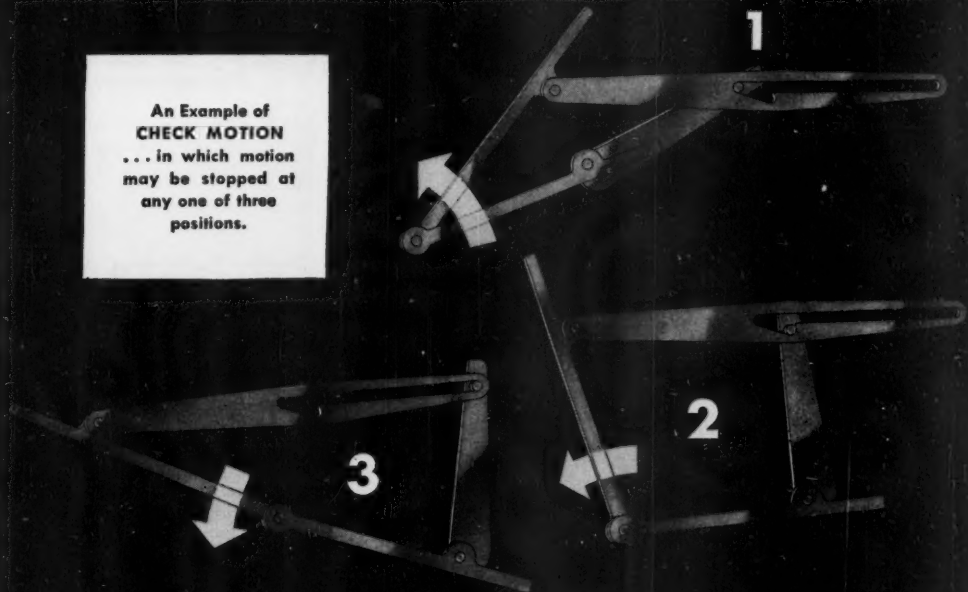
**Q.** Do food-processing plants need NPA clearance?

**A.** No.

**Q.** May terminal facilities for trucking companies or common carriers be started without clearance?

**A.** Yes, provided no part of the terminal

An Example of  
**CHECK MOTION**  
... in which motion  
may be stopped at  
any one of three  
positions.



If it needs to behave like a latch, a lock, or a linkage...  
we can create it...mass produce it...**WITH STAMPINGS!**

Perhaps your product requires a carefully-engineered motion device to enhance its safety...performance...salability.

We produce such devices to very close tolerances with STAMPINGS... and by modern mass production and assembly techniques, we can keep the cost unusually low.

That's why you'll find Standard

locks and latches on many of the new model cars. It's a reason why you may want to investigate our facilities further. Why not send for our new booklet "We Make Motions"—which explains in more detail how we can help solve your "motions" problem.



THE REID DIVISION OF

*The Standard Products Co.*

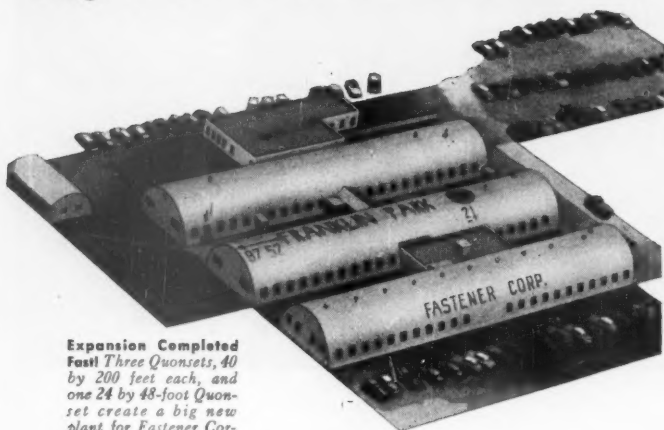
THE MARK OF A  
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# Build Quicker with QUONSETS



Expansion Completed  
Fast! Three Quonsets, 40  
by 200 feet each, and  
one 24 by 48-foot Quon-  
set create a big new  
plant for Fastener Cor-  
poration at Franklin  
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## IDEAL FOR FACTORIES, WAREHOUSES, MACHINE SHOPS, STORAGE OR SERVICE BUILDINGS

For additions to your present plant—or for new plants—Quonsets mean fast completion, economy of materials, adaptability to any use. Also, should plants need more expansion later, you can add Quonset to Quonset, according to the need.

Made of N-A-X HIGH-TENSILE steel, Quonsets provide fire-protection and permanence far surpassing old-style buildings. They require little upkeep—are easily maintained. Let Quonsets serve you now. Write us today.

**GREAT LAKES STEEL CORPORATION**  
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Expands floor Area by 20,000 Sq.  
Ft. Bill Jack Scientific Instrument  
Co., San Diego, Calif., began with  
two Quonsets and added 20,000  
sq. ft. of floor space in just 30 days.

**NATIONAL STEEL CORPORATION**



STRAN-STEEL AND QUONSET REG. U. S. PAT. OFF.

is to be used by anyone except the trucker or carrier.

**Q.** Does a clinic building need NPA approval?

**A.** No, under the order it is not an office building.

**Q.** Must department stores or offices secure licenses for alterations that merely involve shifting of portable partitions?

**A.** No.

## Philly Tells the Marines: We Need Our New Pier

The Marines are about to land in Philadelphia. And the news is bringing nothing but anger and strong language in the City of Brotherly Love. The case may be a test for the government's power to seize property in wartime for use as it sees fit.

• **Order**—Two weeks ago, U.S. District Court Judge William Kirkpatrick ordered the city and state to hand over its brand-new, not-quite-finished, \$6-million municipal pier for the use of the Marine Corps. Occupancy was to start Mar. 1, and the corps would have the right to hold the pier until June 30, 1956, at the discretion of Federal authorities.

C. James Todaro, special assistant to the U.S. attorney general, asked for this move, at the request, he said, of Acting Secretary of the Navy Dan Kimball. Todaro called it an amicable arrangement that had been under negotiation for some time.

• **Protests**—City officials said it was news to them. They were good and mad. But they weren't nearly so mad as shipping men, who had been looking forward to the opening of Pier 80, South, on Apr. 1. Six companies wanted it badly; one was ready to pay \$165,000 a year to lease it. The seizure was described as bordering on sabotage of the national defense effort.

They wouldn't mind so much, said the shipping men, if the Army or Navy were taking it over. But the Marine Corps doesn't operate ships; it proposed to use the beautiful new facility as a warehouse.

Pennsylvania's redoubtable new senator, James H. Duff, promised to go to bat for his state. Philadelphia's shipping men plan to take their case to Gen. Marshall this week. And a further court hearing has been set for next week.

Why, they want to know, can't the government take over two facilities it owns on the Delaware River within the city limits?

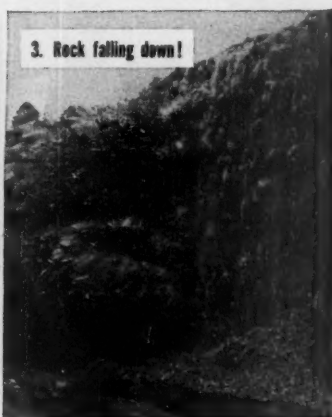
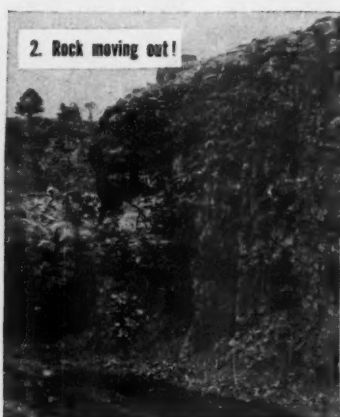
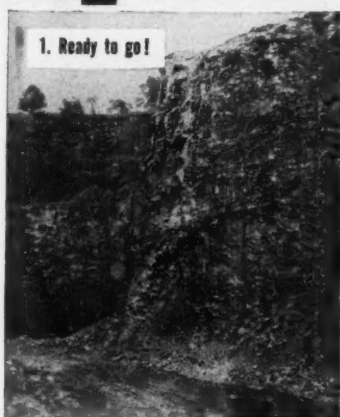
• **Handy**—Gen. Rea, commandant of the Marine Corps Quartermaster Depot in the city, said the Marines wanted the pier because it was near their other storage facilities.





Machine gun  
camera takes  
a photo every  
1/3 second.

## Not Spectacular . . . . . *Because*



## -All The Controlled Force Of The Blast Is At Work!

The more noise, the more spectacular a blast—the more money is wasted.

It is what the spectator does not see—the controlled force of the explosives working within the rock to be moved—that makes a blasting operation effective and economical.

The ROCKMASTER Blasting System, originated by Atlas, is a great advance in economical and effective blasting. It insures good use of the maximum force of the explosives. It eliminates the spectacular (which is simply wasted bursts of explosive force). It insures breakage that is easier to move. It prevents the scattering of rock all over the landscape. It not only gives "more for the money" in effective power but it saves time and waste.

ROCKMASTER is a boon to miner, quarry man and construction gangs. What is more, its efficiency reflects itself in lowered costs for the finished job.

The ROCKMASTER Blasting System is typical of Atlas contributions to progress—the result of working with and for the customer on the problem of holding down costs while improving quality. If the things *you* make are in the range of Atlas activities, our technical and engineering staffs are at your service.

ROCKMASTER: Reg. U. S. Pat. Off.



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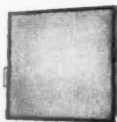
Your air conditioning system deserves the best in air filters and standard FAR-AIR® filters will meet most of your requirements. However, if you are faced with unusual dust conditions, Farr Company's modern, well-equipped laboratory will help you select the proper type of filter to meet your particular problem.

These laboratory facilities are also used to constantly improve the FAR-AIR line to assure you of getting the very best air filtration when you install FAR-AIR products.

Send in your air filtering problem today or write for information on the complete FAR-AIR line.

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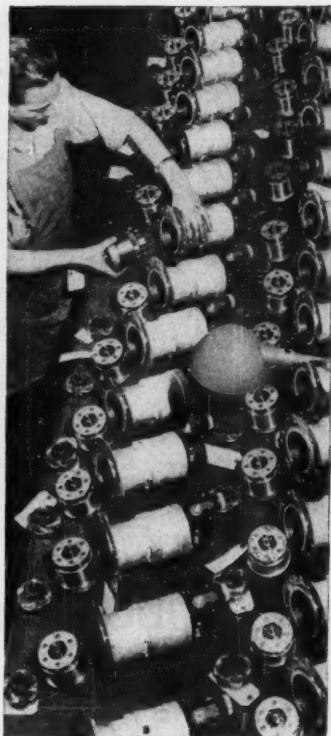
**FARR COMPANY**

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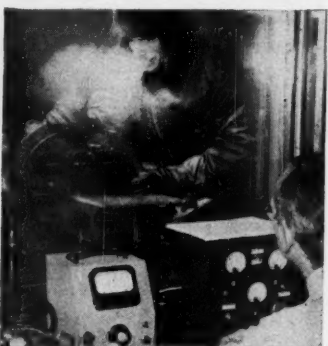
Control Equipment Co. Ltd. Montreal



**PLANES:** Starter-drives for them have been standard Bendix products for years.



**SHIPS:** Electronic depth recorders find fish in peace, plot uncharted bottoms in war.



**PLANES:** A control panel is heavy with Bendix instruments. Here some get tests.

## Bendix—An Arsenal Again

A major military supplier in World War II, the company is once more loaded with defense orders. Expansion—to turn out a long list of vital U. S. needs—is already under way.

Within a few weeks after the Korean War started, Bendix Aviation Corp. was getting more individual defense contracts than any other company in the United States. It still is, though not dollarwise.

For the military windfall, Bendix's mild-mannered president, Malcolm P. Ferguson (cover), has a very simple explanation: "War means transportation and communication," Ferguson says. "That's us."

• **Fat Order Book**—In the last seven and one-half months, Bendix has had 175 publicly announced orders, most of them for aircraft components, worth about \$57-million. (The dollar total is small, however, compared with General Motors' \$3-billion.) Last week the company reported its backlog had topped \$400-million—for the first time since the end of World War II. That compares with a sales volume of \$212-

million in 1950, \$162-million in 1949.

• **Old Hand**—The man who will steer Bendix through its new expansion is Ferguson, the engineer who became president in 1946. For him, buildups are nothing new. All through World War II, he was second in command to Ernest Breech who left Bendix in 1946 to become executive vice-president at Ford Motor Co.

Ferguson was a natural choice for the job. A one-company man, he started with Bendix as an engineer more than 30 years ago when his father ran one of the original companies that formed Bendix Aviation.

By 1939 Ferguson had watched Bendix grow to a \$42-million-a-year company (mostly auto parts). Through the next years, he helped guide it as it skyrocketed into the billion-dollar class, then fell back to a peacetime basis with an operating loss of about \$12-million

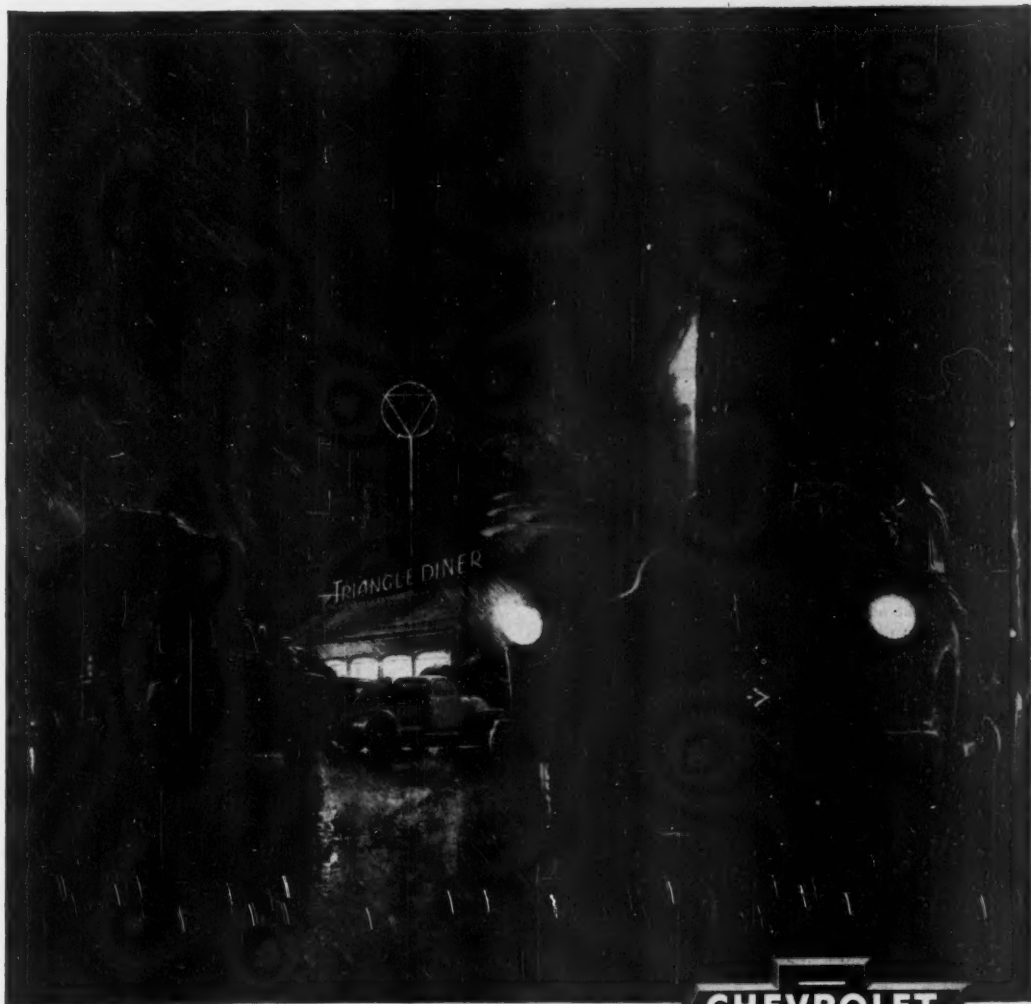
## Rain or shine—right on schedule with **CHEVROLET TRUCKS!**

*Chevrolet trucks go through!* Rugged, Advance-Design construction keeps them *rolling*—even under adverse conditions—with reduced maintenance costs, less attention and upkeep. That's why, with Chevrolet trucks so low in price and easy on gas and oil, operators of Chevrolet trucks save on every trip.

Each Chevrolet truck is *engineered* for peak performance on the job. It has the right engine

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CHEVROLET MOTOR DIVISION, General Motors Corporation, DETROIT 2, MICHIGAN



**CHEVROLET ADVANCE-DESIGN TRUCKS**

**CHEVROLET**

## IDEAS FOR BETTER INVENTORY CONTROL!

# Standard Register Paperwork Simplification

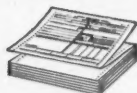


Stock withdrawals are recorded with positive accuracy.

Stock clerks, issuing parts to production, handwrite a tabulating card . . . and identical delivery tickets—as one form.\* That's only one idea—Standard's Representatives today offer you specialized information and techniques . . . a basic plan . . . to break down your control problem—and simplify the key record systems:

- A. Develop the best procedure.** A Receiving, Stores Issue, Production, Move Order . . . any such record system . . . should operate to furnish complete, accurate source data quickly, easily.
- B. Simplify the writing method.** Modern communications and automatic record production can largely eliminate clerical time as a factor in a certain inventory problem—says a PS. writer.\*
- C. Design the most efficient form.** South Carolina Mills' three-part *Case Tag* simplifies warehousing and location of merchandise in stock.\*

\*These and other actual system stories are detailed in PS. magazine—examples of the methods experience our representative makes available. Write for free copies. The Standard Register Company, 703 Campbell St., Dayton 1, Ohio.



KANT-SLIP  
continuous forms

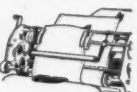


Feeding-aligning device:  
THE REGISTRATOR  
PLATEN



AUTOMATIC LINE  
FINDER

Advances form into  
new writing position  
in one motion



DUAL FEED  
Registers 2 different  
forms for 1 continuous  
typing operation



BURSTER-IMPRINTERS  
Sign, date, number,  
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Kant-Slip forms



FORM-FLOW  
REGISTERS  
Better records  
... by hand



UNIT ZIPSET FORMS  
Carbon interleaved

in 1946. In less than a year, Bendix had to terminate more than \$1.5-billion in war contracts. But by 1947 it had stabilized itself again and was ready to expand its consumer lines. Now the war-peace cycle has started all over again.

"We're like an accordion," Ferguson says.

• **It Fits**—Bendix is pretty well suited to that kind of operation. For one thing, it straddles both peacetime and wartime industries. Its production is about 50% aircraft, 30% automotive, and the rest miscellaneous products (consumer goods such as television and the original bicycle coaster brake, still made at its Elmira, N. Y., division).

In normal times, Bendix keeps hundreds of engineers busy on long-range development projects, working closely with the military. In the last three years, research alone cost it \$61.6-million (partly government-financed).

In an emergency, the company shifts its job-shop research operations into high-gear production, using its knack for mass production, picked up from the auto field.

• **This Is Emergency**—That's what is going on right now. In the last few months, the pace has stepped up so fast that Bendix is pushing out its walls. It has a big expansion program under way, with two new divisions already added—an instrument plant at Davenport, Iowa, purchased from Curtiss-Wright, and a fuel system plant in Hamilton, Ohio, which it got from Ford. Additional factory space is being built or leased at most of the company's 12 other manufacturing divisions.

On top of this, Bendix is in the middle of a huge subcontracting program. Ferguson figures by next year deliveries from subcontractors to just one of its plants will be at a \$9-million-a-month clip. Bendix Radio Division in Maryland already has let \$22-million, and the Eclipse-Pioneer Division at Teterboro, N. J., estimates contracts are out for about \$8-million.

• **Well-Mixed**—Diversity is Bendix's biggest ace-in-the-hole. Its products start, guide, and stop just about every form of military transportation—from Jeeps to aircraft. They include starter-drives, ignition systems, fuel injectors, radar, radio, automatic pilots, electrical harnesses, waterproof automotive parts, and air and hydraulic brakes. Bendix also makes GCA (ground control approach) units for blind landings and omni-directional navigation systems.

You'll find the instrument panel of almost any airplane studded with Bendix products. On the sea, ships use Bendix depth recorders.

And that's only a beginning of the company's long list of complicated products. Among other things, it recently took over a plant in Mishawaka, Ind.,



for guided missile work. (A couple of years ago a new division was set up at Kansas City for Atomic Energy Commission instruments.)

This studied diversification is one reason Bendix is leading in the number of individual defense contracts. Other companies—Sperry Corp., for instance—will make a lot of products in the instrument field. But there are few like Bendix, which makes everything from finger-tip vacuum tubes to entire airplane landing-gear assemblies (one of its major products) and complete radar installations.

Besides this, Bendix always tries to keep far ahead of demand. For example, its engineers began working on controlled direct fuel injection (a system that bypasses carburetors) 11 years before it was needed to give B-29 motors extra power and range.

Over the years Bendix branched out into many lines allied with transportation or communication. It has a plant that makes nothing but brake linings. Because it was deep into metals, it developed a chemical line, a metallic cleaner. After the war, it bought a small filter company.

• **Many Offspring**—Today Bendix has 14 manufacturing divisions, plus a central research laboratory at its headquarters in Detroit. Most of these were separate companies at one time; the others grew out of engineering research. It also owns 51% of Bendix-Westinghouse Automotive Air Brake and 100% of Hydraulic Brake Co.

Ferguson saw the company grow up. Syracuse-educated, he was around when Vincent Bendix got his father to branch out of coaster brakes into auto parts, with one of the first starter-drives used on a Ford. Next it was four-wheel brakes, another Bendix first. By that time Bendix was a major part of the auto industry. In 1929, with some General Motors capital (GM sold out in 1948), Bendix put a number of firms together, called them Bendix Aviation Corp. "They thought it'd be nice to use aviation in the name," Ferguson says. "Sounded kind of glamorous."

• **Fulfillment**—It wasn't until World War II that the company lived up to the tag. Until then no more than 10% of its sales were to aircraft manufacturers. The rest was all automotive or radio.

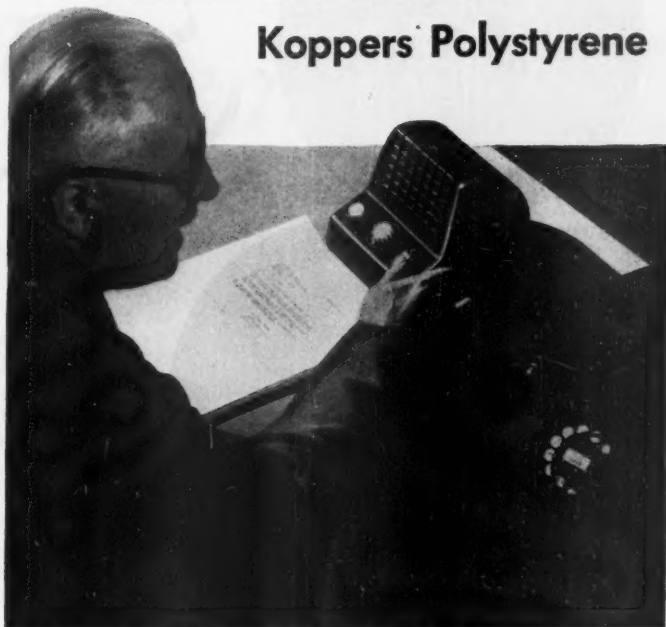
But during the war sales reached almost a billion a year, all aviation. Since then, Ferguson has tried to balance production again. He put a Bendix TV set on the market, made gadgets out of its weather instruments, and kept right on producing coaster brakes.

The one thing the company didn't do: keep control of Bendix automatic washers. It sold the Bendix Home Appliance Co. before the washer became a household word.

# Low-cost housing

because it's molded from

## Koppers Polystyrene



The attractive cabinet for this intercommunication station is molded from Koppers Polystyrene 81. Manufacturer: David Bogen Co., Inc., New York. Molder: Watertown Manufacturing Co., Watertown, Conn.

• David Bogen Co., Inc., New York, overlooked no possibilities in selecting the cabinet material for its Challenger intercommunication units. Wood, metals and various plastics were evaluated for the application and Koppers Polystyrene 81 was chosen.

"We decided specifically on the use of Polystyrene," says General Manager Sidney Harman, "because of the relatively lower costs per unit which it afforded and because of the unusually clean and brilliant color which could be effected by its use."

Low cost is characteristic of products molded from Koppers Polystyrene 81. It results from a combination of low material cost, improved moldability and fewer rejects. The rich brown color of the cabinet is typical of the unlimited range of perfect colors available.

We would welcome an opportunity to match Koppers Polystyrene's usefulness against your needs.



**KOPPERS POLYSTYRENE HAS MADE  
MANY PRODUCTS BETTER  
AND MANY BETTER PRODUCTS POSSIBLE**

# Koppers 'Perfected' Plastics

**KOPPERS COMPANY, INC.**

Chemical Division

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# 50 years of

## —A GUARANTEE OF

To the business and industrial communities of the United States and Canada, Canco's pioneering in the future will mean what it has meant for the last 50 years:

Not only better containers, but also new containers to meet the needs of our never-static economy...

Plus improved methods of packaging and processing, faster machinery, and the fulfillment of the vision of a research organization without equal in the field.

In the distributing industries, Canco's pioneering will continue to pay dividends in easier, safer, and more



The sanitary can—most famous of all metal containers—made commercial canning of fruits and vegetables possible—revolutionized the grocery business—changed America's eating habits.

# American

CONTAINERS... to help people live better



The "Double-Tite" paint can expanded the paint business—brought ready-mixed paints to millions by making it practical for these paints to be packed and shipped everywhere.



The vacuum-pack coffee can—permitted roasters to protect from roaster to consumer the flavor and aroma of fresh-roasted coffee.



Canco's Paper Milk Container—gave tremendous impetus to store milk sales for dairies all across the country—allowed grocers to give housewives milk in a sanitary, easy-to-carry, one-way container.

# Canco Pioneering

## LEADERSHIP IN THE DAYS AHEAD.

economical handling of packaged goods.

And to everyone who eats, patronizes a drugstore, drives a car, maintains a home, serves in our armed forces—Canco's pioneering will continue to make possible a myriad of products . . . of better quality.

As we look ahead with determined resolve to the next half-century, we affirm this steadfast purpose: *Canco will contribute even more* to industry and government, and bring even better living to even more people.

On this page are familiar containers of today pioneered by Canco.



The meat can boomed the canned meat business—provided housewives with a new and wide variety of readily prepared meats.



An adaptation of the sanitary can, this container assured motorists of getting refinery-sealed motor oil. Gave huge boost to sales in service stations in every state.

# Can Company

CANCO

New York • Chicago • San Francisco  
Hamilton, Canada



The beer can trademarked "Keg-lined"—the first non-returnable container for beer and ale—brought new conveniences to beer drinkers everywhere—lowered distribution cost.



This container protected first-aid units of blood plasma in World War II. An adaptation of Canco's tennis ball can.



The salt container prevented excessive caking which took place in the old-fashioned bags. The aluminum pouring spout made easier the housewife's task.

# TRANSPORTATION



**CAUTION:** Old devices—from lanterns to hand signals—are needed yet. N. Y. Central brakeman indicates . . .



**FLAT WHEEL,** a wheel worn down by fast braking. At night, brakemen would use lantern. Another trouble spot is a . . .



**HOT BOX**—cause of many derailments. Oil-soaked rags, packed around axle bearing, get overheated and burst into flame.



**STOP:** Torpedo exploding under engine wheels says "reduce speed, prepare to stop." Brakeman may wave . . .



**RED FLAG,** instead. Block signals (background) ordinarily control train movements. But in emergencies . . .



**FUSEES** are extra precaution. Engineer, seeing fusee beside track, stops train, puts out fusee, then proceeds slowly.

## Rail Safety: Machines + Men

The consensus among railroaders, including the Interstate Commerce Commission, is that rails are about as safe as possible—mechanically. Back in June, 1947, ICC ordered all lines to bring themselves up to date with new safety equipment. Railroads have until the end of this year to install block signal systems wherever they operate passenger trains at 60 mph. or freight trains at 50 mph. They have until the end of '52 to put in more elaborate automatic train stops (picture) or train control systems wherever they operate trains at 80 mph. or above.

Complying with this order, the Pennsylvania R.R. announced last week that it will install a \$12-million automatic speed control system on lines carrying two-thirds of the road's passenger service.

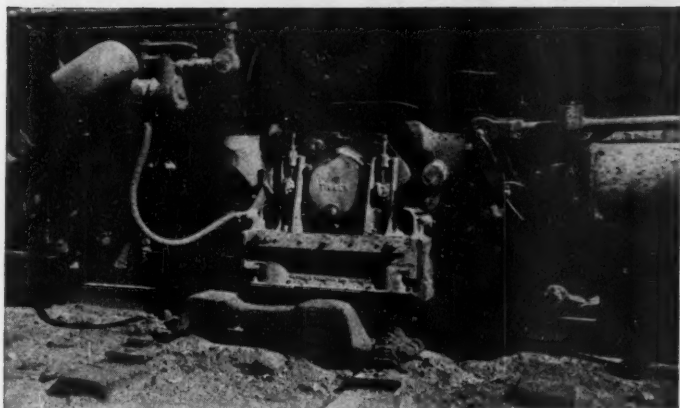
The pictures above show some of the safety devices used by a typical major rail line—in this case, the New York Central.

• **The Man Counts**—It has been dreadfully obvious of late, however, that mechanical safety devices by themselves are not enough. No matter how perfect the system of warning lights and automatic

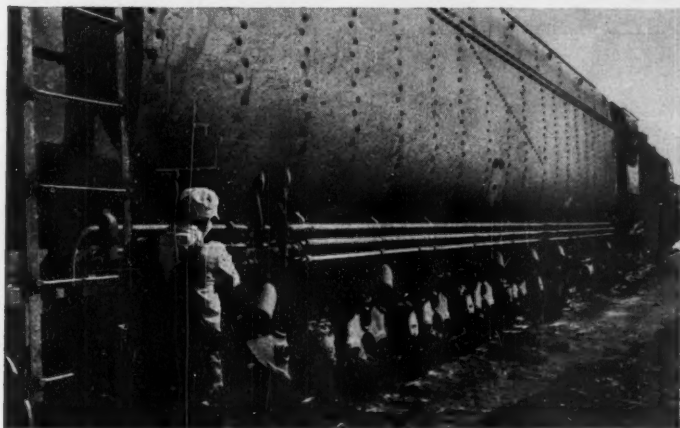
train stoppers, fallible man can defy it. Momentary forgetfulness, carelessness, physical defect, ignorance of rules—any one of these common weaknesses in the man with his hand on the throttle can undo the best mechanical precaution.

Take the incredible case of the engineer of the Pennsy's Spirit of St. Louis, which rammed into a stalled troop train at Coshocton, Ohio, killing 33 Pennsylvania National Guardsmen last September. According to ICC findings, both engineer and fireman were watching signals as they closed in on the troop train. The fireman was calling the signals out





ELECTRIC "TRIP" works with block signal system. Bar-shaped inductor, along track next to signal, actuates "receiver" on engine when signal is caution. If engineer doesn't "acknowledge" it within 15 sec., train stops automatically. To . . .



START TRAIN again, fireman has to readjust device on engine tender. Then train may proceed. "Acknowledgements," and train speed, are recorded mile for mile on automatic speed tape in engine cab, checked later against speed-restriction maps.

as he read them; the engineer repeated them. When they went through the first warning signal, deliberately, they had 2 mi. between them and the stalled train.

They kept going, passing over an automatic train stop device. The engineer heard the warning signal in his cab. He switched off the automatic device and continued at 50 mph. He ran through two more signals and put on the brakes only when he saw the warning flare of the troop train. He had only 500 ft. in which to stop. It wasn't nearly enough.

The two recent catastrophes on the Long Island R.R. were more of the same. In both cases, the trains ran through stop signals.

• **Old Age Factor**—The importance of the human element in railroad safety is, of course, no new discovery. Both railroad management and labor have been struggling for years to isolate the most common causes for error and to find ways to eliminate them. One of the earliest causes recognized—and one of the most difficult to reduce—was old age.

Years ago, when the first Railway Retirement Act was passed, it included provisions for the compulsory retirement of employees at age 65. But the Supreme Court held that provision of the act unconstitutional, ruling that it would deprive men of their right to work.

• **Retirement Policies**—At least three railroads have firm retirement policies

## WHAT DID WINTER do to your ROOF?

● Even the best roof may suffer from the ravages of winter, the alternate freezing and thawing of early Spring. The old saying: "A stitch in time saves nine" is one worth following now with respect to your roofs. An early Spring inspection to catch the little leaks, the cracked coping joint, the torn flashing, may save many dollars later on. Here's an example:

In the early Spring of 1949 the tar and gravel roof of the New Jersey Fancy Case Co. developed some leaks. Mr. Ludwigsen called in Tremco Man Reilly and together they went on the roof. This was in April.



They found cracks in concrete copings, open joints in bell tile copings, some leaking in the roof mat itself, in the flashings and around the skylights. Tremco Man Reilly instructed their own crew of men in the repairs.

No contractor was used.

Mr. Ludwigsen stated the job was a low cost job and looked like a better roof than another section previously installed by a local contractor.



For good roof maintenance at low cost, you can't do better than call in your Tremco Man. "You Can't Buy Experience By The Barrel—Tremco gives it to you right on the job."

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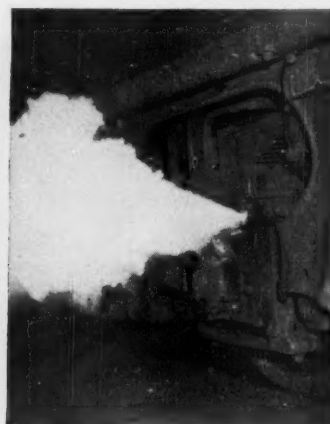
"DEAD MAN'S LEVER" safeguards passengers against engineer failure. When lever on electric engine throttle is released . . .



BRAKES CLAMP ON, train stops. If necessary, fireman in cab would take over controls. Diesels have a foot pedal lever.



HOT BOX ALARMS are installed on 59,000 N. Y. Central cars and engines. When axle bearings overheat, first . . .



SMOKE APPEARS, then nasty-smelling gas. This barrage lasts about 10 min. Workers usually check journal boxes at main stops.

today: the Lehigh Valley, the Union Pacific, and the Southern Pacific. Here is how the SP policy works. The railroad requires a complete physical examination of every engineman, fireman, and train crew member every two years up to age 65. Employees over 65 must be examined every year.

At age 70 an employee who wants to keep working for the road gets another physical—this time a really tough one. If one defect shows up, he's through. Not many get past this hurdle.

The majority of railroads have no such system for putting veteran employees to pasture. To be sure, all railroads have compulsory physical check-ups of trainmen, some as often as every six months. But in most cases the examiner is the railroad doctor, a man who is apt to have known the men he

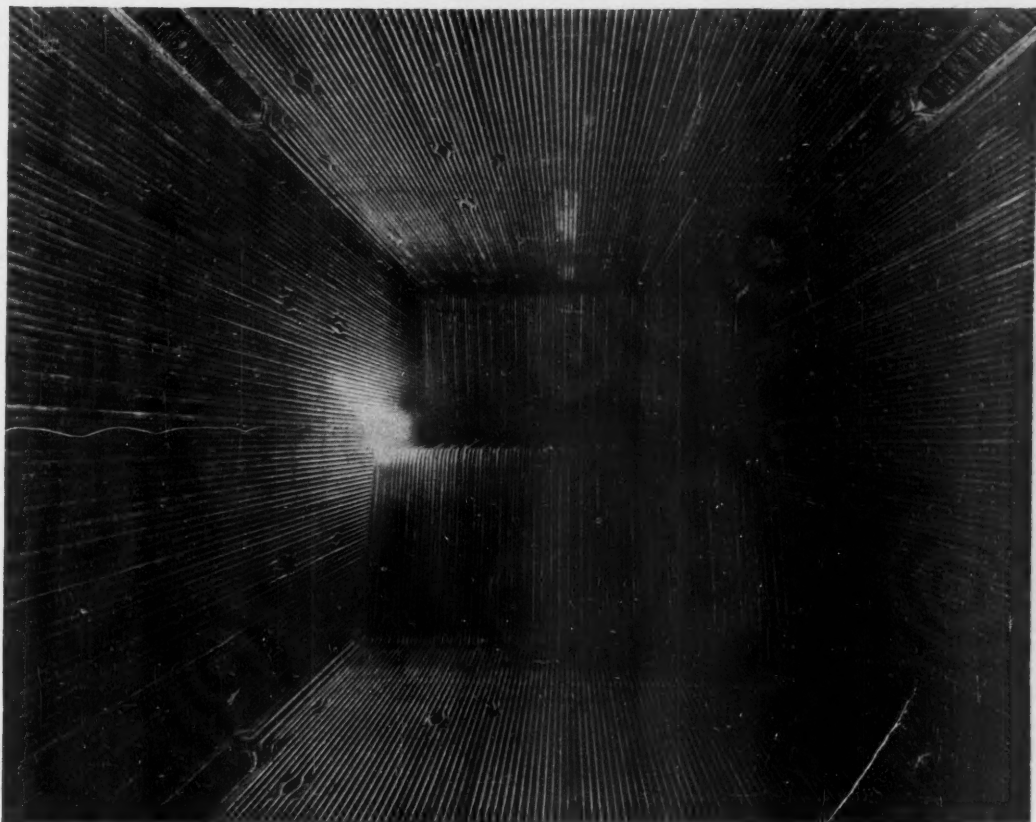
examines for years and who is probably well over 60 himself. Chances are he will give the oldsters a break.

If he doesn't, the railroader appeals to his brotherhood chiefs. These men, too, are apt to be his age or older.

• **Young Men, Too**—It's far from certain that old age of railroad employees is the major cause of accidents.

There was the case not long ago of the lead engineer of a double-header freight who dove into a curve at 70 mph. when the rules called for a 25-mph. limit. He slammed on the brakes, but the rails were new and he skidded, throwing both engines into the ditch and killing himself, his fireman, and the crew of the engine behind. This engineer was just 45.

• **Sheer Carelessness**—All railroads have an extensive set of train rules that op-



## Cathedral of Flame

You're looking up inside the furnace of a large power boiler, soon to be lighted off. Suppose you could stay . . . watch . . . and listen. You'd hear a roar as streams of fuel and air from the burners in the four corners rush together to form a whirling inferno. You'd see masses of flame, at temperatures as high as 3000 degrees F., spiraling upward toward the roof tubes six stories above. You'd learn, if you inquired, that a ton of coal, ground to flour fineness, was being consumed every two minutes.

And what's happening inside the tubes that line this furnace? Water races upward . . . evaporating into steam at a pressure of more than 1500 pounds per square inch. Then, superheated to a temperature of 1000 degrees F., steam leaves the boiler at hurricane speed on its way to the turbine-generator, where its energy is converted into electricity.

It is through boilers like this, that Combustion Engineering—Superheater, Inc. has contributed to the ever increasing efficiency of power generation in this country . . . a standard of efficiency that has helped the public utility industry to sell power, even today, at less than pre-war prices.

For over a quarter of a century Combustion has originated, or been closely identified with, virtually every major advance in steam generation both for electric utilities and for industry generally. B-469



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# MIRACLES HAPPEN At the Touch of a MAGIC BUTTON



Every day, feats of material handling magic happen . . . the magic of moving *any* and *every* kind of product, from eggs to 55 ton loads of metal, with Automatic ELECTRIC Trucks.

Gone is back-straining manual lifting and moving. Today, the press of a button puts to work the magic of electricity in Automatic Trucks, cutting handling costs 50% to 75% for management . . . producing more goods for less . . . and adding up to savings that make your dollars go further. Mail coupon.

## WORLD FAMOUS PYRAMIDS

20 YEAR JOB FOR 100,000 SLAVES, JUST A

10 MONTH JOB FOR 90 MEN WITH AUTOMATIC TRANSPORTERS



Imagine today, building the Great Pyramid of Cheops by hand! But that's the way it was done . . . with 100,000 slaves. . . a 20 year, man-killing job of lifting, pushing and pulling 2,300,000 blocks of stone.

Now, with just 30 AUTOMATIC TRANSPORTERS, 90 MEN could move these same stones from a quarter mile away, in just 10 months, working 'round the clock in 3 shifts. One man, by the simple touch of a button could lift and move one of these 5,000 pound blocks like magic.

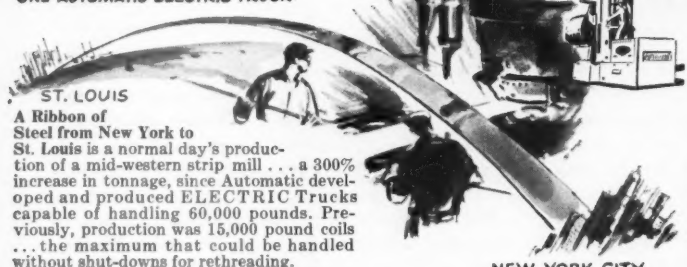
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ST. LOUIS

A Ribbon of Steel from New York to St. Louis is a normal day's production of a mid-western strip mill . . . a 300% increase in tonnage, since Automatic developed and produced ELECTRIC Trucks capable of handling 60,000 pounds. Previously, production was 15,000 pound coils . . . the maximum that could be handled without shut-downs for rethreading.

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and No Trucks Cost Less to Operate

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## This "Four-Block" signal system tells New York Central engineers what to do

green	●	You may proceed at top speed permitted in this division.
green	●	
yellow	○	Slow train to 45 mph. and prepare to stop two signals beyond.
yellow	○	
yellow	○	Slow train to 30 mph. and prepare to stop at next signal.
red	●	
red	●	<b>STOP!</b>
red	●	

erating men are required to observe. The rules are based on models drawn up by the Assn. of American Railroads' safety committee. Both ICC and AAR feel that these rules, developed over 100 years of railroad experience, are adequate to guarantee safe operation of a railroad even if all mechanical safety devices failed at once—provided that employees observe them. That's the problem.

Railroads try all kinds of devices to insure strict observance. Trainmen are required to pass tests on these rules every two years. Railroad officers are also constantly spot-checking their train crews. Dozens of times a month they will go out on the line, set a signal at caution, then stand by.

The weakness in this system is discipline. Because of union resistance, a railroad has to be sure it has an iron-bound case against a man before it takes action. So in many instances, minor infractions go by; it's just not worth the struggle with the union.

• **Learn From Others**—ICC thinks that railroads could take some pages from other industries' experience in training personnel for accident prevention. Training programs, lectures, safety bulletins, and the like are much needed. The brotherhoods, which are much concerned with the safety problem today, could do much of this training job themselves.

Railroads might also do some psychological probing for the reasons behind failures to observe rules. In other industries it has been shown that a man who has had a spat with his wife, or who is worrying about meeting the grocery bill, often has only half of his mind on the job and is thus more prone to accidents.

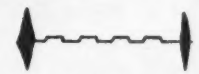





*He's looking for trouble*

#### HOW IT WORKS

Supersonic waves are sent into the material under test. Upon reaching the other side, or upon reflection by a discontinuity, the waves return to their source and are then converted into a high-frequency potential. This potential is amplified by electronic circuits and projected upon the screen of a cathode-ray tube where they may be seen and examined.



Pulse pattern, showing the initial pattern at the extreme left and the reflection from the opposite side at the extreme right. The sweep line indicates no defects.



A typical indication of a defect is illustrated here. By means of calibration, it is now possible to determine both the exact position of the flaw, as well as its size.

Non-destructive Supersonic testing is another in a constant succession of new techniques employed by Grinnell to provide prefabricated piping that is safe and dependable.

Grinnell's ultra modern electronic testing can be relied upon to detect hidden flaws in pipe materials, to check unerringly the quality of welds where it picks up flaws not revealed by X-ray and gamma ray inspection. In examining bends, this method of testing can measure the degree to which bent pipe thins on the outside and thickens on the inside of the bend, assuring full specified thickness in high temperature, high pressure work.

Utilization of modern equipment of this type is one of many sound reasons why it pays to call in Grinnell "Whenever Piping Is Involved". Grinnell Company, Inc., Providence, R. I. Branch warehouses in principal cities.

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WHENEVER PIPING IS INVOLVED



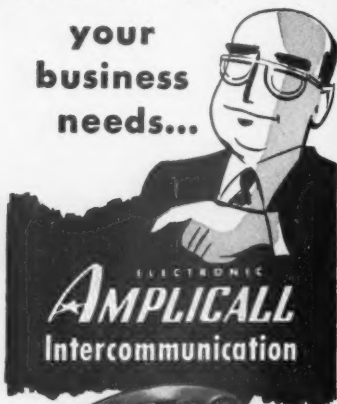
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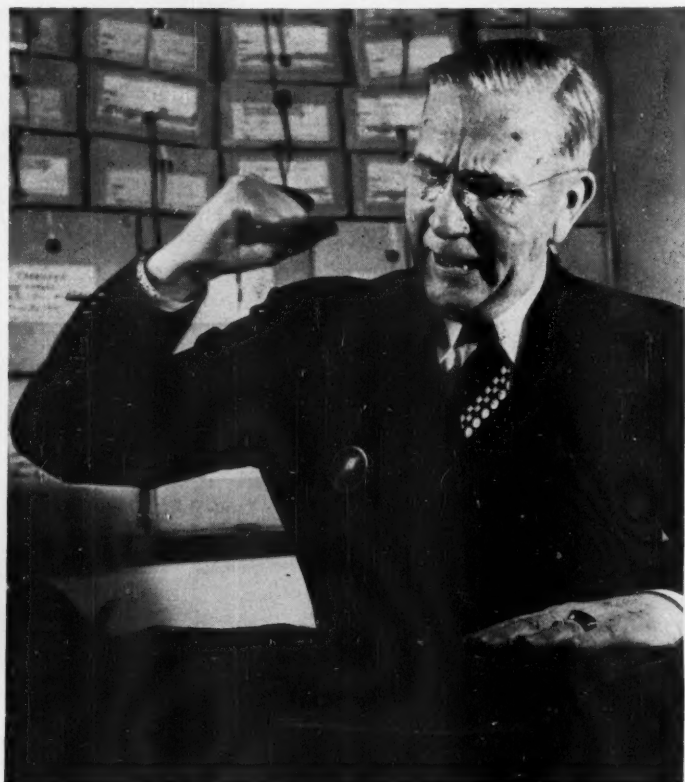
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## EXECUTIVE OPINION



"Banks should have enough common sense—just common horse sense—to scrutinize loans."

**COUNTRY BANKER GROVER C. HELM SAYS:**

### Our Job Is To Loan Money

How does a country banker feel these days when farm prices are skyrocketing and farmers are expanding hand over fist? How far can he go in tying the future of his bank to the future of his region?

One man who should know is Grover C. Helm, president, National Bank of Bloomington, in Illinois' corn and feed-lot country. Most of the customers of Helm's bank (deposits: \$15-million) are farmers. Helm, who likes to call himself a banker-farmer, knows their business as well as his own. He used to fatten cattle for the market on his own 1,000 acres—until he got too busy handling the money problems of other feeder-cattle operators. BUSINESS WEEK took its camera and recording machine to Helm's office, asked him what it was like to be a banker in grass-roots country.

**BW:** How big is Bloomington, Mr. Helm?

**HELM:** With adjacent Normal—we think of it as part of Bloomington—approximately 40,000. It's the county seat, of McLean County.

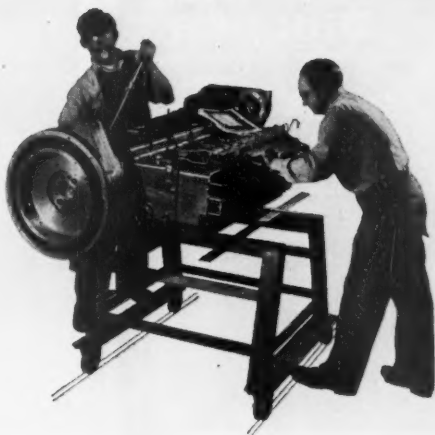
**BW:** Do you have much industry?

**HELM:** We have one of the na-

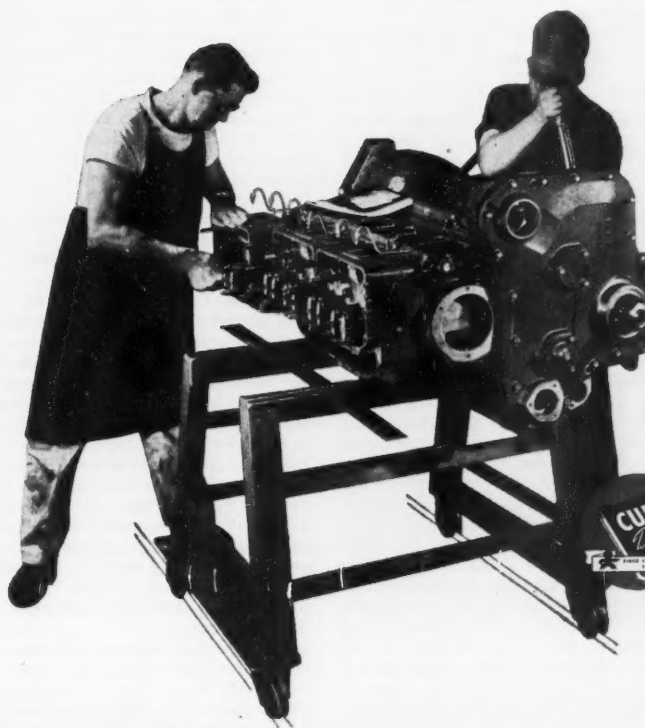
tion's biggest insurance companies here, also a few industrial plants. But our prosperity depends mainly on farming. McLean County, in fact, is one of the richest farming counties in the country—I think Lancaster in Pennsylvania is the only one richer. Our biggest crop is hybrid seed corn. And probably 75%

## Cummins® Custom-built Diesels

*Built  
not once  
but  
Twice*



**Extra care in building means  
extra profits for power users**



Typical of the extra care that goes into the building of *every* rugged, dependable Diesel is the tear-down of the engine after assembly. First the engine is run in on the test block. Then it is completely torn down and carefully re-inspected. After that it is re-assembled and tested *again*.

Such *extra* care in precision craftsmanship is one of the reasons why Cummins engines have such an outstanding record in a wide range of applications. Cummins exclusive fuel system ... world-wide service and parts supply organization ... are other features that enable power users to make more profit with Cummins Diesels.

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Lightweight High-speed Diesel Engines (50-350 hp) for:  
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YEAR 'ROUND

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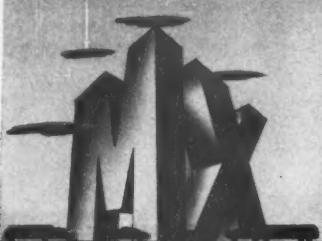
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"We're just wondering how these [consumer] loans are going to be paid."

of all our corn is fed to beef, hogs, sheep, and lambs right here at home.

**BW:** Are the farms mostly local family enterprises?

**HELM:** Yes. But you'd be surprised at the number of city folk buying farm land. Many have told me they are going to have war they want to get out of the atomic areas.

**BW:** Doesn't it worry you to loan money to speed-lot operators in view of current high cattle prices?

**HELM:** We are doing it—and not reluctantly—but we are doing it with our fingers crossed. It's one thing if a borrower has made money and can stand a loss. But these young farmers who have just started out—they have started up in high times; their machinery costs them a lot of money, the cattle they are buying costs them more than it ever cost; and they could lose it all in one crop year just as in one feeding year.

**BW:** What would you tell a young farmer whose means aren't the kind that could take too big a jolt? Would you tell him to get out of cattle, diversify . . . ?

**HELM:** That's the idea. Some time ago I started to tell these young fellows, "Now why don't you cut down on your ideas? If you bought a hundred head of cattle last year, why don't you now just buy 50 head? Then you can also put some of your acreage to pasture. Even if you think calves are going to make so much money, buy just about half as many as you want to buy. Then buy the other half in the heavier cattle because we've got to have marketable cattle in April, May, and June." And I suggest that young farmers go into hogs, too—not just concentrate on beef cattle.

**BW:** Aren't there many basic similarities between big city and small city

banking? Hasn't the pattern of your deposits generally followed the nationwide trend in recent years?

**HELM:** That's right.

**BW:** Does that go for loans, too? Since the war ended, haven't loans again become the greatest source of your earnings?

**HELM:** Our loans haven't increased as much as we would like. I've had a pet peeve for a long while. Some people look with awe on big city bankers. But I think that they have been so anxious to keep their loan portfolios up, so anxious for deposits, that they've helped cause today's easy money rates. We're walking right into inflation. And all this has been made possible by giving money to people for 1½% to 2% interest when they should never have been able to borrow money in the first place.

**BW:** Most of your loans are agricultural loans?

**HELM:** Yes. And not only feeder loans but also loans for seed corn, soy bean, oats, and other farm products.

**BW:** What is the farmer doing with the money he borrows?

**HELM:** It goes for cattle, farm machinery, but the majority of our money is going for farm operation, for improving the land and home. I would say we now have modern bathrooms and kitchens on 60% of our farm homes. Twenty-five years ago I doubt if we had 10%.

**BW:** Are you in favor of the current consumer credit regulations?

**HELM:** Absolutely. I have to be frank about that. I am still concerned about consumer loans. We're just wondering how these loans are going to be paid—truck loans, automobile loans—some banks have portfolios full of such paper. Maybe I've lived too long, that's the reason I'm worried.

**BW:** Have you been worried over the huge rise since last spring in commercial, industrial, and agricultural loans?

**HELM:** I've been worried even before last spring. But I think the banks themselves should be the ones to control the loan situation, that it should not be done by upping reserve requirements. When reserve requirements are raised, that means we're going to have to sell some of our governments or just tell our customers we're sorry we have no cash available for lending. You just can't do that. It's our function to loan money—it's what we are here for. Banks ought to have enough common sense—just common horse sense—to scrutinize their loans carefully and see that proceeds aren't just used for pure speculation and such.

**BW:** Are you encouraging farmers to borrow to produce more these days?

**HELM:** No, I don't think there's any reason for it. The farmers are already prepared for increased demand,





"Maybe I've lived too long, that's the reason I'm worried."

and in my opinion the government needn't worry about financing any farmers to raise full production. They can raise it. All they should do is just keep their nose out of their business.

**BW:** Do you think there should be a floor under farm prices?

**HELM:** I've advocated a floor under farm prices for 30 years—ever since I ran a little general store about 25 miles from this town and used to have to extend farmers credit—often a year's credit. I soon learned that if, as a storekeeper, I lost money on 10 or 15 sacks of potatoes today, I could make up that loss next week or next month. The average farmer can't. Normally, he has one day a year to sell his crop. And if the market that day happens to be low, it's just too bad. All we need in this country is a guarantee or floor to do away with all this. I don't approve of the way the government spends millions of dollars to give land owners money to put clover in on their own ground.

**BW:** Do you think local farmers agree with you?

**HELM:** Oh, I'm so proud of this man Kline who's president of the American Farm Bureau, and of Mr. Schumann, president of the State American Farm Bureau. They have both come out with that line of thinking.

**BW:** Have you had to liquidate any governments to meet loan demands?

**HELM:** No, not at all.

**BW:** Are you screening loans more carefully now than ever before?

**HELM:** We are.

**BW:** Are local farm youngsters farm-minded? Or are they drifting to the bigger cities?

**HELM:** That's one of the sad commentaries of the story. Too many youngsters are still going to the city. Many parents have had to let their places.

**BW:** Is it still true that the smart farm



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boy is the one who went to the city?

**HELM:** If it ever was true, it isn't true now. The smart farm boy now is the one that stays on it. I have in mind one young fellow who cared for his land, wanted to stay on it, but wasn't in a position to finance it. We loaned him about \$12,000-\$14,000 a year ago, and that fellow will clean up that loan in two years' time.

**BW:** What's happened to make that change?

**HELM:** The price of farm products.

**BW:** Have local farm land prices been zooming?

**HELM:** They have. They are now very near the all-time high they reached back in 1920. One farm sold recently for \$615 an acre that sold in 1920 at a \$685 price. I can recall the time, since 1920, when a similar farm sold for \$110 an acre.

**BW:** It's a terrific rise, isn't it?

**HELM:** Too much.

**BW:** Are they mainly cash sales?

**HELM:** The percentage being paid down on land purchases is the highest that I know of in my lifetime. The insurance companies, however, are loaning up to \$150 an acre on farm land. And they're avid for new business.

**BW:** Have you heard any complaints that the 100¢ dollars paid for war bonds are only worth 58¢ in purchasing power now? Or that one would have been smarter if he had bought the adjoining 80 acres instead of bonds?

**HELM:** I'm hearing plenty of complaints. But I don't think we will have any trouble here selling war bonds again if we have to. The farmer is a good citizen.

**BW:** Has there been much local switching from government bonds into stocks?

**HELM:** There has been some. I know several instances of people who sold governments because of their low interest rates to buy higher-yielding stocks.

**BW:** Do you get any competition from federal agencies such as the Production Credit Administration?

**HELM:** That competition doesn't hurt us at all. In fact it takes a little of the loan pressure off us. The PCA, however, in this area makes just as good loans as the bank does. They demand every bit of security they can get.

**BW:** Isn't one great difference between big-city and grass-roots banking this: that you are called on more not only for banking advice but personal advice as well?

**HELM:** I would think so. You go into a big-city bank. What happens? Before you find out what you want to know you've got to see a half dozen men. That's not so in a country bank. You walk into the country bank, and you see the principal loan officers, and we say yes or no; we don't tell you



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we have to take it up with the Board  
of Directors. Years ago I tried to get  
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reported back it didn't fit in there.  
Now whenever I see them they say  
they'd like to have some of these loans.  
Why couldn't they see it back in '36?  
There's really a big difference between  
country and city banks.

BW: You get that difference into  
your advertising. We've noticed these  
weekly ads of yours in your local paper.

HELM: Yes, I have been writing  
them for 15 years. We give local farmers  
an idea of the cattle market and  
other topics he's interested in; let him  
know what's going on in the country.

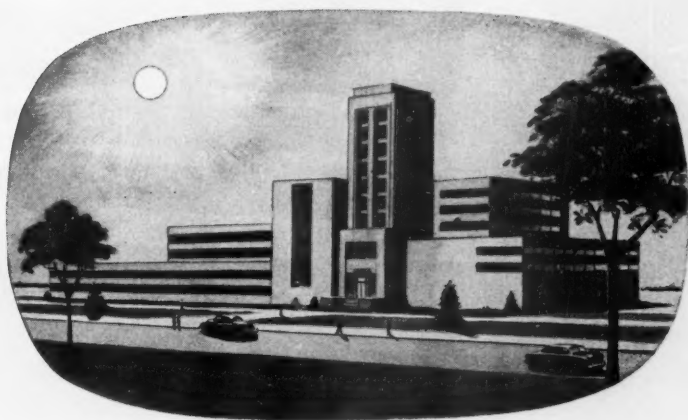
BW: How are you offsetting higher  
operating costs? With service charges,  
mechanization, and the like?

HELM: And by working harder to  
get more loans, watching the bond  
market closer. The margin of profit  
in banking, though, is slim now.

BW: Have you mechanized much?

HELM: We have adding machines;  
yes, we have everything to help us.  
But I think bank employees are the  
lowest-salaried people that I know  
of. In fact, I feel sorry for all the  
white collar persons in the United  
States now being affected by all this in-  
flation we are getting. I don't see how  
any person with a family with two chil-  
dren, say, can live on \$400 a month,  
let alone build up any savings. When  
I was a young man I was a saver. In  
1931 I didn't know we had a depres-  
sion because I had always been one  
for putting away a little bit more than  
I spent. And right now I'm in shape.  
I've just built the kind of home I want.  
I couldn't have built that home if I as  
a youngster hadn't saved. In fact, if I  
hadn't put it away and saved it then,  
I wouldn't have it now because it's hard  
to save now with taxes so high.





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All rebates are retroactive to date of first purchase and payable at the end of the buyer's fiscal purchase year.

Henry J fleet owners also enjoy the advantage of buying Kaiser-Frazer parts at the wholesale trade discount. Ample inventories are

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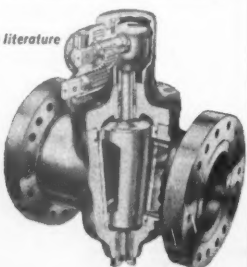
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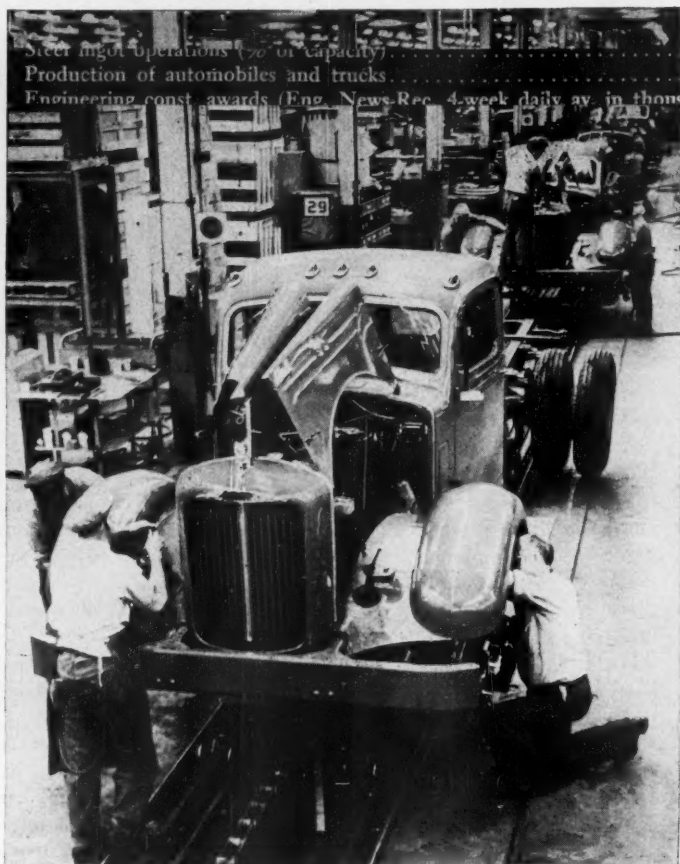
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## FIGURES OF THE WEEK



ASSEMBLY LINE statistics on cars and trucks used to be secret, but not now.

## Autos: How You Add Them Up

As far back as 20 years ago, an English novelist could satirize the importance of the automobile with the line "In the year of our Ford."

Practically everyone knew what a car was then. Even more people know about them now, and they know more about them, too. The automobile is probably the best-documented machine in the world.

• **How Many?**—The basic statistic is still how many are being made. And that's about the toughest one to get hold of. There are at least two sources for the figure. BUSINESS WEEK and many others go to Ward's Automotive Reports, an eight-page industry tip sheet that gives production figures plus a roundup of other information. The other most commonly used source is

the weekly newspaper, Automotive News.

Figures of the Week gives the combined total of weekly output in all U.S. and Canadian plants. That's because a good share of Canadian operations are merely assembly of parts produced in the U.S.

Today weekly output is running just below 200,000. If it falls off to around 130,000, it will mean shortages or production problems are plaguing the industry, because today 130,000 is low. But the whole thing is relative. In the peak week in 1941 output hit 134,000 units. And 100,000 at that time—which would mean about half the industry was shut down today—was above average.

• **Sleuthing**—Ward's is a private, unofficial operation and charges its sub-



scribers \$50 a year for eight yellow pages every week. Its actual staff numbers less than 10 people. But there are others who work for Ward's, too—the people who supply the information that isn't given freely by the auto makers.

Today all auto makers except Chrysler Corp. give weekly output figures. In order to get Chrysler figures plus information other companies don't want to give out such as production bugs, secret projects, etc., Ward's has a system of "other sources."

Since it went into business back in 1935, it has become increasingly easy for Ward's to get information it wants through official sources. But companies change their minds, too. Some time back, a top auto executive told one of his underlings to supply figures each week. He must have done it in a weak moment, because a year later he started a big investigation, trying to find the "leak." The underling, however, went right on supplying the figures.

• **The Biggest**—It isn't hard to figure out why people are interested in auto production. The industry is the largest in the consumer goods field. It buys 20% of all the steel that's made. Outside of his house, it's about the biggest thing a man ever buys.

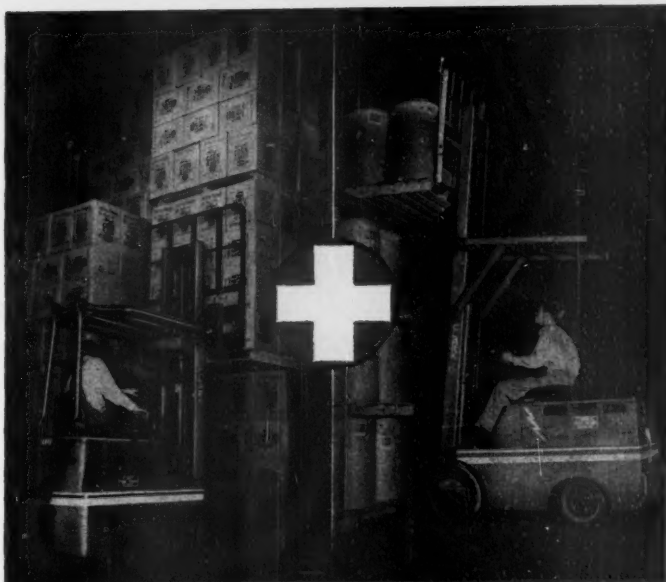
There are plenty of good money reasons why people are interested in the industry. Bankers and brokers read the figures to keep tabs on loans and securities. Transportation people want to know how many cars and trucks will be made so they can avoid freight car bottlenecks in the auto country. Dealers want to know if they're getting their share of factory production. The government uses the figures for hundreds of different purposes, including checking up on excise and income taxes.

Suppliers to the auto makers want to see them to find out how their business should be doing. If they discover that auto production is rising, but their sales aren't, then they want to know what's wrong with their sales forces or their contacts.

• **Supplies**—But probably the biggest group concerned with auto production dope is the supplier firms. They sell the industry everything from paint and plastics to plate glass and bolts. They range in size from shops hiring a half dozen workers to industrial giants like Goodyear and U.S. Steel.

Take one industry case—Packard Motor Car Co. Packard buys parts and equipment from more than 1,000 companies in about 250 places. Distributor parts come from California, some stampings come from Minnesota, thermostats are made in Tennessee.

Or look at it another way. In Worcester, Mass., alone, 28 concerns sell the auto industry 65 different parts



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Big as the auto makers are, they themselves produce only a portion of their cars and trucks.

• **Integration**—When Old Henry was alive, Ford Motor came pretty close to being completely integrated. Ford made its own tires, glass, steel, and a lot of other things that other auto makers found it cheaper to buy outside. It probably would have been cheaper for Ford to farm them out, too. But the company's primitive cost accounting system didn't reveal the losses.

One Ford story says that the packing cases that came into the main plant were carefully dismantled so the wood could be used later for building new shipping boxes. When they got around to making a cost study, it was found the dismantling cost was so much that great savings could be realized if the wood were thrown away.

Today Ford still makes much of its glass. Its Rouge steel mill still turns out much of its steel, too. But tires and other components that used to be made by Ford now come from outside.

• **Buy and Sell**—When you consider the size of General Motors, it seems likely that its operation would be almost completely integrated. But it's not. It's true that GM divisions make almost everything that can go into GM cars. But that doesn't mean that car-making divisions have to buy them. Fact is that they are free to buy anything from anybody. A Delco executive recently complained that Chevrolet was buying only 40% of its shock absorbers from his division.

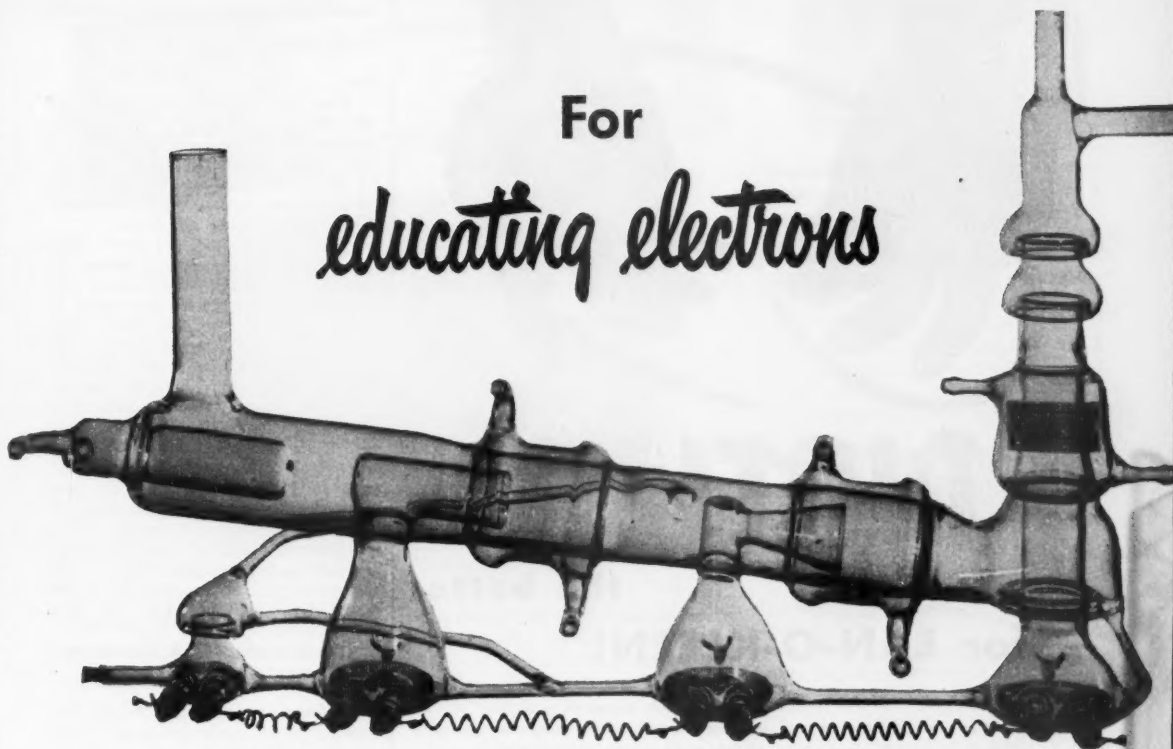
Just as GM divisions can buy anywhere, they can also sell anywhere. In addition to being the biggest car maker, GM is also one of the major industry suppliers. Hydra-Matic drive is sold to four other producers: Lincoln, Nash, Hudson, and Kaiser. AC's fuel pumps go to practically everyone in the industry.

Hudson is probably the most integrated of all the independent producers. It even makes its own engine bearings and axles.

It isn't possible to say exactly what percentage of any car is homemade. Auto makers tell everything about things they want told and practically nothing about things they don't want known.

Nevertheless, if you look in the right place you can find just about any statistic that has anything to do with the auto industry from the number of cars produced at a particular plant during any hour of any day to the amount of molybdenum in a Chrysler engine. And if you want to know how many cars the industry is building, take a look at Figures of the Week.

# For *educating electrons*



Educated electrons are being called on for more and more difficult tricks in today's "vacuum" tubes. The higher the vacuum, the better they perform. The sharpest-focussed beams and the longest reliable operating lives are found in tubes exhausted to the utmost degree that modern technology permits.

For the development laboratory, a DPi glass diffusion pump as pictured here can give you the best vacuum that man can produce. The ultimate vacuum it gives without the aid of a cold trap is  $5 \times 10^{-8}$  mm. Hg. With a cold trap,  $10^{-9}$  mm. Hg is attainable.

DPi invented the multi-stage fractionation principle and the Octoil®-S Vacuum Pump Fluids that make such vacuum possible. DPi's program to make really high vacuum work with ease and economy goes on continuously. Whether you're interested in a pound of low-vapor pressure gasketing, a chamber where experimental models of new electron tube ideas may be tried out quickly and inexpensively, or a complete exhaust system for a tube factory, your problems will receive careful attention. Merely write *Distillation Products Industries*, Vacuum Equipment Department, 739 Ridge Road West, Rochester 3, New York. (Division of Eastman Kodak Company).

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**DIRT** that's really hard to remove . . . that's deeply imbedded in workers' hands . . . that irritates cuts and abrasions — directly affects production figures! Think of the materials your present cleaner won't remove: graphite and metallic dust . . . heavy grime and lubricants . . . even common soil and office dust — no matter how hard you scrub!

**LAN-O-KLEEN**, the industrial soap powder, is designed for "heavy-duty" dirt removal. A fine corn meal base sponges out the pores . . . while thick suds sweep away surface dirt. As water is added, soothing Lanolin spreads over the skin, leaving hands fresh-feeling and clean as a whistle. Its soothing emollient action won't aggravate cuts and bruises. Further, Lan-O-Kleen and the sturdy Lan-O-Kleen dispenser are a dollar-saving combination — as a West representative can easily demonstrate.

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City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

## READERS REPORT

### What Price Contentment?

Sirs:

Your report, "Best Workers Gripe the Most" [BW—Feb. 10'51, p68], makes it sound as though the study by the University of Michigan's Institute of Social Research on worker attitudes at Prudential Insurance Co. has ended with the cart before the horse.

Take, for example, the point about lowest productivity groups being the most contented. It occurs to me that the type of individual who would be most contented in any given setup would be the phlegmatic worker. The more alert individual would find conditions that should probably be changed.

While it would be more difficult to determine the productivity of a given supervisor or worker under the conditions of greater or lesser discontent, that should be the crux of any company policy decisions on programs for increasing worker satisfaction. Even without the benefit of scientific studies, I would hazard the opinion that soundly conceived policies for increasing worker satisfaction will not lead to lower productivity.

ARTHUR J. WEINBERGER

NEW YORK, N. Y.

• **BUSINESS WEEK's** report on the Prudential survey made this point: Nothing has been done to prove or disprove that a company with high worker satisfaction will not outproduce one with low worker satisfaction. The study was concerned with the internal records of a single corporation, and it demonstrated that at a given time there is no correlation between worker contentment and productivity.

### Free Trade With Canada

Sirs:

I believe that unique conditions underlie our trade with Canada. Your article, "House Reverts to Protective Tariffs" [BW—Feb. 17'51, p144], reports a change that should be studied carefully.

I propose that every product produced in Canada should be admitted into the U.S. free of tariff. Canada should be induced to allow every product produced in the U.S. to be admitted free. Then each would economically supply the things that each can produce more efficiently. The net wealth of both countries would be increased by this reciprocal freeing of trade. High employment in the U.S. makes this a favorable time to initiate such a policy.

JOHN E. WHITESIDE

SYRACUSE, N. Y.

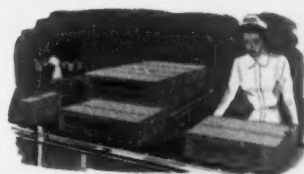


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**Capsule Wisdom**—A gelatin capsule manufacturer was losing valuable time sealing cartons by hand with tape. A modest investment in DeVilbiss equipment wiped out this bottleneck. Now, as cartons go along the conveyor, DeVilbiss automatically timed spray equipment sprays adhesive where the tape used to go. The operation is fully automatic. Expensive hand labor is gone. DeVilbiss has solved hundreds of similar problems for other manufacturers. May we help you?



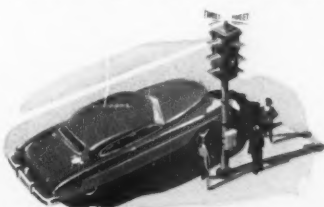
**Typical illustrations of product improvement through DeVilbiss services**

**Hockey Help**—A big-league hockey rink uses a portable DeVilbiss spray unit to apply a coat of white paint beneath the ice. The reason? Ice by itself is too translucent, making it difficult to see the puck. A thin layer of white paint provides the necessary opaqueness to make the puck clearly visible and easy to follow for spectators and players.



**Sales Strategy**—A large department store wanted to introduce a new perfume. A huddle with DeVilbiss engineers, a small

investment in DeVilbiss automatic spray equipment, and presto! The enchanting new perfume was automatically sprayed at timed intervals onto the main street outside the store. Passers-by found the essence irresistible and stopped to buy.



**Whistling Traffic Signal**—A certain town in New York State has a whistling traffic signal? It's done with a DeVilbiss Air Compressor connected to a police whistle automatically timed to blow just before the traffic light changes. Accidents are fewer and the system operates in any weather, thanks to the dependable DeVilbiss Air Compressor.

**Fine Finish**—DeVilbiss engineers have spent years working with auto makers to get better, more lasting finishes. The vast majority of these manufacturers today use DeVilbiss Spray Guns, Exhaust Systems, Air Compressors and Hose. If you finish or refinish motor vehicles, we'll gladly furnish helpful data.

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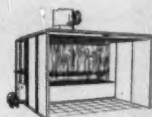
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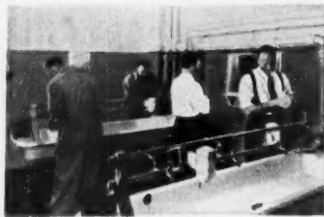
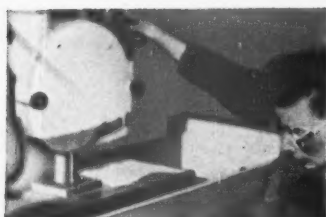
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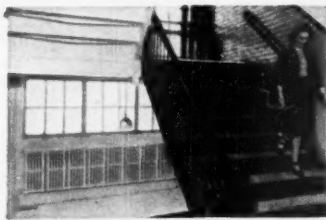
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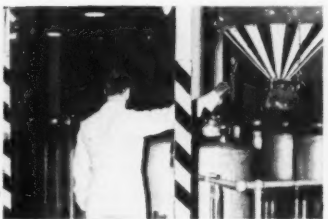


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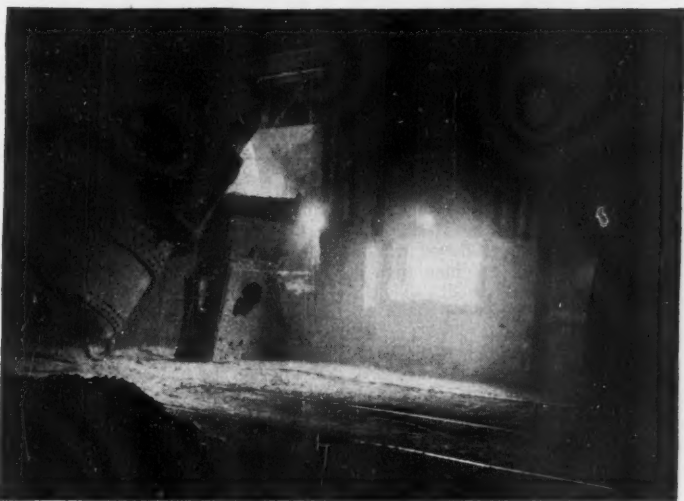
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# PRODUCTION



FURNACES are burning bright to meet the demand for steel. But the alloys pinch calls...

## Boron Steel to the Rescue

Because boron means savings in critical alloying metals, the heat is on the steel industry to boost boron steel. But it's ticklish stuff, so fabricators and steelmakers are working at specifications.

Boron steel is back in the limelight. It took a back seat after World War II. But now munitions work is boosting demand for alloy steel, just when the pinch of strategic alloying metals is showing up.

- **Needle Steel**—Add a pinch of boron, a cheap and plentiful derivative of borax or boric acid, to a heat of nickel-chrome-molybdenum steel, and the savings in the alloying metals are almost enough to make another heat of steel—with another nip of boron. On a weight basis, 2/1,000 of 1% boron can cut the nickel, chrome, and molybdenum requirements of a heat in half. In fact, boron steel takes so little boron that it was dubbed needle steel during the last war. The boron was said to be dipped into the ladle on the point of a needle.

- **Wanted: Specs**—But boron additives are both a joy and a headache to steel metallurgists. The savings on alloys are all to the good. But boron's characteristics are rather unpredictable in a finished product. That is, the same pinch of boron added to two identical heats of steel won't always result in a steel that requires the same heat treating by the fabricator. For that reason, the steel industry is getting together to work out standard specifications on the boron alloys.

Five companies—U.S. Steel, Bethlehem, Youngstown Sheet & Tube, Crucible, and Wisconsin Steel—each plan to turn out two heats of 150 tons, or a total of 1,500. After the boron heats are rolled into sheets and bar stock, automotive and agricultural parts makers will take over. They want to see how parts made from boron steel stack up against those that are made from the conventional richer alloys. Tests of the boron alloy parts will show up the differences in heat treating, tensile strengths, and elongation factors.

The part makers will then be able to tell the steel firms what to do, or what not to do, with a heat when it's in a furnace. And future heats, based on test results, will, in turn, come closer to the requirements of the part makers.

- **Slow Growth**—This metallurgical volleyball between the steelmakers and the metalworkers has been going on for a long time, ever since World War I. Boron steel finally arrived during the last war when it was vital to conserve the strategic alloying metals, such as chrome, nickel, and molybdenum. The catch was that skimping on the alloys sometimes meant a skimping on strength and heat characteristics.

During the war, the industry—mostly under the direction of Army Ordnance,

the American Iron & Steel Institute, and the Society of Automotive Engineers—worked out specifications for five different types of boron steels. And those specs were the basis for steels that went into a lot of armor plate and anti-tank projectiles.

- **Few Buyers**—Come V-J Day, several firms in the industry were ready to market commercial grades of boron alloys. But customers never quite picked them up. Outside of International Harvester and a few of the Detroit auto makers, they ignored the potential of the steels and started in buying the richer peacetime alloys again.

Despite the 4% or 5% lower costs of boron steels, parts manufacturers apparently decided to sit tight and wait for the temperamental characteristics of boron to calm down a little. As one steelmaker in Cleveland said, "It took 35 years for metallurgists to come up with the answers on nickel steel, 15 years to find out how to use vanadium alloy, and nearly half that long with molybdenum. And it's going to take another five to seven years of trial and test to find out about boron steel."

Besides, why bother, in a peacetime production race, to work with a new material when the richer alloys were easier to handle?

- **New Pressure**—Now that the pressure of defense production is on again, the picture is changing.

It's a rule of thumb in steel that a war period boosts alloy production considerably. Military equipment calls for more high-strength, heat-resistant metals than equivalent tonnages of civilian goods. That's even truer now than it was during the last war. This time we've gone in for jet engines, gas turbines, and atomic programs in a big way. Eventually, boron steels will conserve the available supply of critical alloying metals. The savings in alloying metals from the boron steels can be fed into the electric furnaces that turn out the more critical alloys.

- **Easy to Make**—In spite of its metallurgical headaches, boron steel is a snap to produce. After an alloy heat—with its reduced amounts of alloying metals—is tapped and poured, the pinch of boron is simply thrown into the ladle or ingot mold containing the heat. Steelmakers steer clear of throwing the boron additive into a furnace for two reasons: The boron reacts with the furnace refractories to wear the linings down. And during the reaction much of the boron that makes up for the savings in the alloying metals is lost through oxidation.

Once the boron is added to a ladle or mold, it starts to get temperamental. The steel calls for ticklish controls of temperature from the time it cools till it's made into a finished part. If the steel is overheated in the furnaces, or

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soaking pits, chances are that the effects of the boron will be lost.

• **The Question**—The trouble is that the degree of temperature at which boron is lost, or the degree where its

properties in the steel are lost, is not definitely known. Metallurgists aren't sure of how to get the boron effect and when the boron effect is lost. Because of the individual characteristics of each

## THE PRODUCTION PATTERN

**T**WO FEATURES of our patent system are the bane of inventors and patent attorneys: (1) the high rate of patent invalidation by the courts, and (2) the long time it takes to grant a patent. There's good news from Washington on both counts.

A new patent bill, to be introduced in a few weeks, aims to serve up better guides to patent law administration.

And after 15 months in office, Patent Commissioner John A. Marzall reports real progress in his campaign to speed up the patenting machinery.

For the past 15 years the courts have nullified about 85% of the patents coming before them. Recently, in a dissenting opinion, Supreme Court Justice Robert H. Jackson said: "The only patent that is valid is one which this court has not been able to get its hands on."

**T**HE COURTS seem to be tipping the scales of justice against the patent holders for two reasons: first, to protect the public against patent monopolies granted by the U. S. Patent Office; and second, to uphold the idea that patents should be reserved exclusively for inventions that serve the ends of science.

On point No. 1, a patent actually doesn't deprive the public of anything it had before the grant. In fact, it contributes something to the community by adding to the sum of human knowledge. As a reward for his contribution, the inventor gets an exclusive right for 17 years to make, use, and sell his invention. After that, anyone can exploit the device or discovery.

On point No. 2, the purpose of a patent, the constitution says, "is to promote the progress of science and the useful arts." Supreme Court Justice William O. Douglas, in *Great Atlantic & Pacific Tea Co. vs. Supermarket Equipment Corp.* (BW—Dec. 9 '50, p. 25), would seem to limit this. He said: "It is not enough that an article be new and useful. The constitution never sanctioned the patenting of

gadgets. Patents serve a higher end—the advancement of science."

Commissioner Marzall argues that by its very language the constitution recognizes the difference between a "science" and a "useful art," and would protect both.

**A** NEW CODIFICATION of patent law may straighten out this snarl. Rep. Joseph R. Bryson, chairman of the House Judiciary Subcommittee on Patents, expects committee hearings on his bill this spring.

The Bryson bill is a joint product of the USPO and National Council of Patent Law Assns. It would make several big changes in patent laws.

The new bill would not accept an item as patentable if differences between it and previously known material would have been obvious at the time of invention to one with ordinary skill in the art. This would give legal license to a test now being applied by USPO.

### THE SECOND COMPLAINT

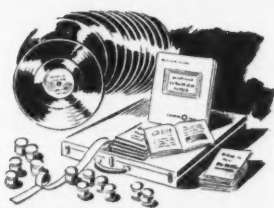
**T**he patent bar, and it's a perennial one, is that USPO is too far behind in its work. It usually takes about three years from filing of application to issuance of patent. Inventors often don't want to start exploiting a patent until they are reasonably sure that it is going to be granted.

Of course, it can work the other way. The inventor can start using his patent while it's still pending. The period during which the patent is pending until its issuance is gravy to the inventor, if he puts the patent to work. He gets that and the 17 years, too.

Commissioner Marzall reports that all divisions of USPO have now cut their applications backlog to 12 months. Granted, a year is a long wait. But before Marzall was appointed commissioner 15 months ago, five divisions were more than 26 months behind, 13 more than 21 months, 33 more than 18 months, and 44 more than 15 months.

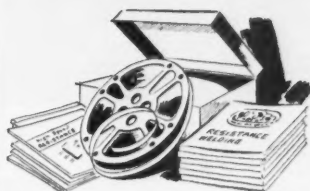
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furnace, every heat of steel can differ ever so slightly in its composition. There's no hard and fast rule for these variations. So each little difference affects the boron additive. As one producer's metallurgist put it, the steel-maker can't tell what boron steel will do 99% of the time. Sometimes it may top expectations; other times it has fallen down on the job.

• **Fabricator's Side**—The fall guy for boron steel is the consumer. The steel producer turns out a heat whose test results stack up against the specs for boron steel. Then the heat in the form of sheet or bars goes on to a fabricator, a forger, say. He in turn must heat treat the work before it's turned over to the hammer crews. If the fabricator overheats the steel, there's a good chance that it will lose its boron properties at this stage.

But boron steel isn't always a bad penny. It's easier and cheaper to process—though it requires closer control in heat treatment than conventional steels. Heat treatment of boron is faster than ordinary alloys for the same treating capacity. And sometimes it takes even less treating equipment.

## **Atlantic Refining Process Gets 3% More Gas**

Atlantic Refining Co. just about squeezes blood out of a turnip.

Its latest refining process—a new version of catalytic reforming, gets 3% more high-octane gasoline out of crude oil than present-day methods. What's more, it pays off with a couple of extras: The higher output of gasoline doesn't cut down the yields of other products derived from crude. And the reforming works just as well in the production of benzene, toluene, and xylene—the strategic chemicals that mostly come as byproducts of coke ovens.

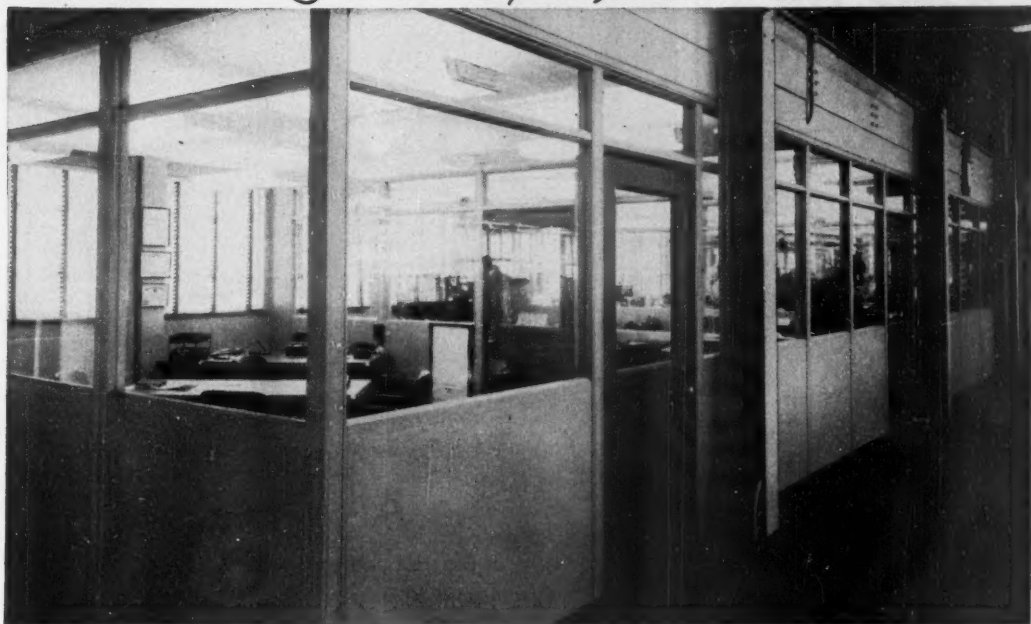
• **Platinum**—Atlantic Refining's reforming uses a pellet-form catalyst that's made from platinum on a specially prepared base. Its composition is still hush-hush. But company scientists have passed the catalyst on to Davidson Chemical Corp. for a commercial-sized order of two 50-ton charges.

• **Pilot Plant**—A scale-model pilot plant at Atlantic, on stream for the past seven months, is processing over 200 gal. of raw gasoline a day. Total output has been over 50,000 gal. of high octane.

Atlantic is now building a large commercial plant at its Philadelphia refinery. Designed for a 500,000-gal.-per-day capacity, it is slated for completion next year. Meanwhile, four other producers are negotiating with Atlantic for licenses.



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# SOAK ME!



I'm Patapar

# GREASE ME!



I'm Patapar

# BOIL ME!



I'm Patapar

Yes, Patapar Vegetable Parchment welcomes water, grease, even a good boiling! Because of these and other unique characteristics, Patapar has helped business men with all sorts of jobs. As a packaging material it protects products like butter, bacon, cheese, fish, margarine, poultry. It is used for ham boiler liners, milk and cream can gaskets, pie doilies. In hospitals it wraps things to be sterilized in the autoclave.

Does this suggest an idea to you for the future? Write on your business letterhead for booklet T, "The Story of Patapar."



Patapar Keymark, nationally advertised symbol of wrapper protection

# Patapar

HI-WET-STRENGTH  
GREASE-RESISTING PARCHMENT

**Paterson Parchment Paper Company**  
Bristol, Pennsylvania  
West Coast Plant: 340 Bryant St., San Francisco 7  
Sales Offices: New York, Chicago  
Headquarters for Vegetable Parchment since 1885



BASIC REFRACTORIES are being installed in more and more foundry cupolas. It's...

## Iron on the Alkaline Side

Scarcity of pig iron and high-quality coke causes foundrymen to shift from acid to basic linings. They cost more but last longer. Most important: They get rid of sulphur in the charge.

There's a revolution going on these days in the methods of the foundry industry. It's moving rather slowly, and it's highly technical, but it's still a revolution.

What's happening is that the industry is moving away from acid materials in the refractory linings of its cupolas, and turning to basic materials. In the foundry business, the term basic has nothing at all to do with elemental; it means alkaline, which is the chemical opposite of acid.

• **Acid Cheaper**—Up to two or three years ago, acid linings were used almost universally. There was a very good reason for this; acid materials cost only about one-third as much as basic, which sell for about \$120 a ton. Then things began to change; today more and more foundries are calling for technical information on basic linings, or for actual installations.

Here's the why of the shift. Acid cupola linings worked fine when you could get high-quality coke, and could use a lot of pig iron, rather than scrap in the charge. High-quality coke has comparatively little sulphur in it. When you use acid linings, any sulphur or phosphorus in the furnace gets into the iron. It takes a separate, costly operation to get rid of them.

• **Scarcities**—Nowadays, especially since Korea, high-quality coke is very hard to get. Pig iron is scarce, too. That has a double-barreled effect. First, your

low-quality coke has a lot of sulphur in it. Second, when you have to use scrap instead of pig iron, you have to use more coke, which means still more sulphur.

Just to make it more pointed, the development of ductile, or nodular, iron demands lower sulphur content. And customers for gray iron castings are insisting on less sulphur, especially when they are working on armaments.

If you use basic cupola linings, you beat the sulphur rap. The basic materials are high in magnesia and calcium oxide (lime). The magnesia readily combines with the sulphur in the coke and scrap, which means that your iron will have a lower sulphur content when you draw it off at the taphole.

To get the same end product, users of acid-lined cupolas treat the iron with soda ash after it has been poured from the cupola into the ladle. That gets rid of the sulphur, but the soda ash eats away the lining of the ladle.

• **Limestone**—The basic materials are not affected by the limestone in the cupola charge. That's an important advantage over acid linings, which have a high silica content. The limestone in the charge tends to draw the silica from the lining. That means you have to patch your lining after every charge and do a complete relining job about once a week.

The basic lining also requires some patching after each heat, but it can run

for weeks without a complete relining.

Salesmen of basic materials have been meeting increasing success in using these factors to argue around the high initial cost of their product. They claim that, in the long run, the foundryman saves by getting a purer iron and having fewer costly relining jobs.

• **Used for Steel**—Basic refractory materials have been used for years in the steel industry—for the bottoms of open hearths and to control sulphur and phosphorus in the steel. This field, too, is beginning to widen.

By next March, two 84-in. cupolas will be in operation at Laclede Steel's Alton (Ill.) plant. Both use basic materials provided by Basic Refractories, Inc., of Cleveland. (Other leading makers are General Refractories Co. of Philadelphia and Harbison-Walker Refractories Co. of Pittsburgh.)

Laclede has a special problem; it's one of the steel companies that does not have a blast furnace. It uses only scrap and coke in its charges; the cupolas will heat the metal for the open hearths. By using basic linings in the cupolas, Laclede will eliminate the de-sulphuring job it now has to do in the open hearths.

By using cupolas instead of a blast furnace, Laclede makes this saving: Minimum cost for a blast furnace is \$5-million; a very good cupola can be built for \$150,000.



## Zipper for a Bomber

Zippers that seal under pressure, a development of B. F. Goodrich Co., close up the flap seals on a B-36 in just a few seconds. The seals are the coated fabric strips between the ship's wing and ailerons. The zippers replace conventional seals that are fastened by hundreds of screws. Goodrich has also applied the zipper to tail surface seals, air ducts, and fuselage doors.



## ask the home-town folks...

### THEY KNOW

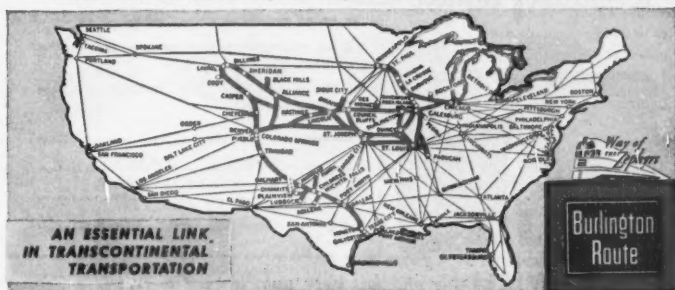
• That same reasoning applies if you're considering a plant location. We're home town folks in every city, town and village we serve. We know natural resources, available labor and materials, utilities, zoning restrictions, tax situations, and transportation. Most important of all—we know the people, too.

If you're planning a move or a new plant, call on us for information about the fourteen great states served by the BURLINGTON. We'll be glad to help you!

J. B. LAMSON, Director, Department of Industry and Agriculture  
547 West Jackson Boulevard, Chicago 6, Illinois

## BURLINGTON LINES • Everywhere West

Chicago, Burlington & Quincy Railroad • Colorado and Southern Railway  
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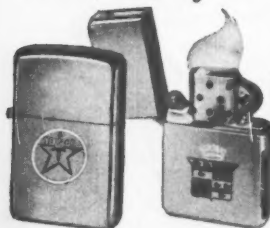




## **ZIP** Your company name is at his finger-tips!

GIVE ZIPPO and your company name will never be forgotten. For Zippo is the lighter that's so dependable it kindles a glow of goodwill with every zip! That's why Zippo is your best buy for sales incentives, length of service awards, sales promotion premiums, business anniversary gifts . . . whenever you want a name or selling idea *seen and remembered every day for years!*

**ZIPPO**  
the one-zip  
windproof lighter



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Get your copy of the FREE Zippo brochure explaining how you can have your company trade-mark or other message reproduced, in color, on Zippo Lighters at low cost. Shows many Zippo models with prices and quantity discounts. Send the coupon today.

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**FREE SERVICE!** No one has ever paid a cent to repair a Zippo!

## Aid for Spinners

Bird "universal" drafting system handles all types of fibers, permits spinners to switch or mix fabrics.

Spinning mills may be in for a face-lifting job over the next few years. For decades, one wrinkle in their production methods has been inflexibility in the type of fiber they can process. When fashions seesaw, or the weather changes, or fiber shortages pop up, a mill—a cotton spinning mill, for instance—may have to close up shop because it can't shift to spinning wool or synthetic yarn.

Collins & Aikman Corp. has already smoothed out this wrinkle in its Norwood (N.C.) plant by installing a "universal" drafting system that makes the spinning process more flexible in the final stages. It's the Bird system, named after C&A's vice-president, Whitworth F. Bird, who developed it.

• **Handles All Fibers**—Bird's system handles all types of fibers—wool top, scoured wool, cotton, mohair, viscose, nylon, Amilar—in lengths of from 1 in. to 9 in. C&A is ready to license the system to other mills. And it's a safe bet to say mills are likely to use more "universal" systems soon.

From start to finish, the system uses conventional cotton machinery, with modifications for handling fibers of varying lengths. You go through the usual operations of picking (where fibers are separated, and bale-compressed lumps broken up), carding (fibers are further opened), drawing (fibers are drawn out and made parallel), roving (fibers are further drawn out and slightly twisted), and spinning.

• **Old Method, New Technique**—Where the Bird system differs is in drafting, where the slivers of loose fiber are thinned. This roller drafting takes place during drawing, roving, and spinning. Ordinarily, smooth rollers come in pairs, one above the other, and hold fiber strands under pressure. Strands run between the rollers, from one pair to the next. Pressure "grips" the strands as they are gradually thinned.

Bird, instead, uses a series of "porcupine" rollers, which are peppered with metal prongs. Although the rollers turn at progressively faster speeds, as in conventional drafting, they control the fibers without gripping them. Thus long fibers extending between medium and high-speed rollers won't break as they are drawn out. And the short fibers that are mixed in are also controlled.

For a particular combination of fibers, set the height and speed of the rollers.

• **More Flexibility**—Using the system, mills can make almost any medium



count of worsted yarn on a lower-cost, cotton-yarn system. The Bird system allows mills to mix wool and synthetic fibers of widely varying lengths, then process and spin the blend together. The system is supposed to cut costs because materials that so far have been impractical for spinning worsted yarns—worsted noils, mohair noils, and reworked waste—can be made into yarns. And C&A says fewer machines are needed for spinning than in conventional worsted-spinning systems.

C&A is carrying on further research at Bristol, R. I., and plans to change its other plants to the Bird system as soon as equipment is available. Saco-Loell Shops (Me.) makes the rollers.

## PRODUCTION BRIEFS

**Boxes made from straw** are a development of Northern Regional Research Laboratory. A substitute for wood veneer, the straw board comes in regular thicknesses, can be used in standard box-making machines. One catch: It isn't so strong.

The new atom smasher at the University of Chicago has gone through its first shakedown—successfully. The \$2.5-million synchrocyclotron accelerated heavy hydrogen deuterons to an energy of 250-million electron volts on initial tests. The next step will be to get the smasher's beam of protons in focus.

**Dry cell flashlight batteries** last longer if they are stored in a refrigerator, then thawed out before being put into service. That's the advice of Olin Industries, Inc.; it warns of cutbacks in batteries for the civilian market.

**Competition** for carbon black makers is in the offing when Horizons, Inc., Pittsburgh Plate Glass Co., and J. M. Huber Corp. start their co-op promotion of a synthetic carbon black. It's cheaper, has a particle structure like the real thing, which is made from burning natural gas.

**Commercial output of hafnium** was announced by Foote Mineral Co. Reduction of the metal was pushed by the Air Force, which thinks its refractory properties might be useful. Hafnium processing—under way for over a year—has been held back by the metal's tricky chemistry.

**Guided missiles** are going onto the production line: Fairchild Engine & Airplane Corp. plans a \$13-million plant near Babylon, N. Y. Convair has set up an integrated division for missiles at San Diego and Fort Worth for Navy contracts.



# Look Under the Truck!

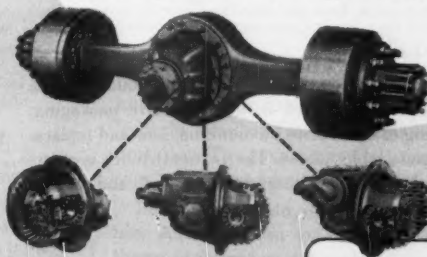


**For Another Timken-Detroit Exclusive - "3 for 1" Axles!**

EVERY DAY, truck men are putting their vehicles to more and more difficult tasks—and are finding they stand up! One big reason for this is Timken-Detroit's program for developing new, exclusive improvements in axle design and construction—improvements aimed at increasing operating flexibility and reducing maintenance.

Look at Timken-Detroit's famous line of "3 for 1" axles! All three types of final drives are interchangeable in the same axle housing using the same axle shafts—eliminating any need to compromise when choosing the right final drive for the job to be done. On the highway or off, your truck will be a better truck because of its better axle equipment.

The next time you buy trucks—look under the truck! Look for the important plus values found only in Timken-Detroit Axles!



Only Timken-Detroit offers Hypoid Gearing in all three types of final drives—single-reduction, double-reduction, and two-speed double-reduction—each interchangeable in the same axle housing using the same axle shafts.

**WORLD'S LARGEST MANUFACTURER OF AXLES FOR TRUCKS, BUSES AND TRAILERS**

PLANTS AT: Detroit and Jackson, Mich. • Oshkosh, Wis. • Utica, N. Y. • Ashtabula and Kenton, Ohio • New Castle, Pa.

**TIMKEN Detroit AXLES**

A PRODUCT OF THE TIMKEN-DETROIT AXLE COMPANY  
DETROIT 32, MICHIGAN



• "you name it... I helped make it!"



© H. S. P. INC. 1955

## Glue for paper weapons

What am I aiming? Glue! In a multiply artillery shell case. Weather-resistant glue. That holds tight in steaming jungles. On winter-swept plains. And helps deliver ammunition in perfect firing condition. Spiral-tube-winding adhesives must spread uniformly; take a quick, firm bite into the fibre; be non-stringy.

... and this isn't all!

• "you name it... I helped make it!" Look around defense plants. Glue helps equally well in the protective packaging, labeling, shipping of small arms ammunition, new and replacement parts for guns, tanks, planes. The NATIONAL touch is everywhere. Glue applied through imaginative research and service. To every item of defense.

STARCHES

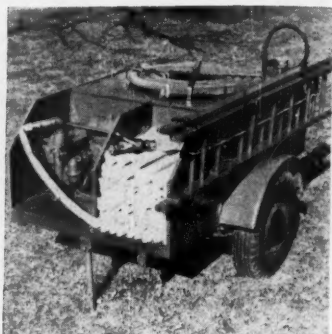
**National**

ADHESIVES

NATIONAL STARCH PRODUCTS INC.

Executive Offices: 270 Madison Ave., New York 16, N. Y. • Plants: Dunellen, N. J., Chicago, Indianapolis, San Francisco. • Sales Offices: All principal cities. • Canada: Toronto and Montreal. • England: Slough. • Holland: Veendam.

## NEW PRODUCTS



### Fire Fighter on Wheels

A fire-fighting trailer made by Preakness Engineering Co. should help meet civil defense needs in industry. Model PR82250 is designed to be a compact, well-equipped trailer that can combat fires too big to handle with hand extinguishers.

The unit pumps water from a 200-gal. tank, welded to the chassis, through a 300-ft. fire hose. Water emerges as a stream or spray, with a special foam nozzle for smothering flammable liquid fires. If more water is needed, the gas-driven pump and suction hose can take water from any supply. Preakness Engineering Co.'s trailer hitches to any vehicle, rolls easily on ball bearings, pneumatic tires, and leaf-type overload springs.

• Source: Preakness Engineering Co., 972 Broad St., Newark 2, N. J.

• Price: About \$2,400.

### Oil Tank Thermometer

Weston Electrical Instrument Corp.'s resistance thermometer shows the average temperature of oil and other liquids in land storage tanks in a single reading. Its accuracy is said to be within .5% of the temperature scale range. Since oil temperature is an important factor in measuring volume, setting delivery quantities for billing and accounting purposes, Weston thinks its product can save oil companies a lot of money.

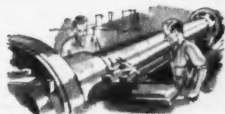
The unit has three parts. A meter and an oil level selector mount on the outside of the tank, at top or bottom. A flexible tubing of bronze hose, containing copper wire resistance units mounted in cable form, extends vertically along the inside of the tank wall. The resistance units themselves are of graduated lengths. They actually act as separate thermometers for each 4-ft. interval of tank height. To get a reading, you set the selector to the oil level. Average temperature of the oil appears

To Every Management Engaged in Defense Production



## Time is on the side of those who use it best!

**The one element  
common to all  
defense production  
is time . . .**



**and nothing saves time like Airfreight**

OF ALL the commodities necessary to rebuild America's defenses none is more precious than the element of time. Either, we work it, or it works against us. For, time—never neutral—is the ally of those who use it best.

No matter what your contribution may be, it must be contributed on schedule. One late company out of the hundreds of contractors working together on a

piece of defense equipment can undo the efforts of all.

That is why, today, when time counts so much, so many manufacturers are counting on Airfreight. They know from past experience there is much to be gained from the speed and service of this modern form of transportation. The government, too, through Airfreight, has saved countless precious hours on key military projects.

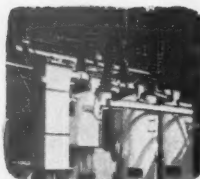
Let an American Airlines representative show you how Airfreight can expedite your production and delivery problems as successfully as our Flagships carry your expeditors. There's never been a time when *saving time* meant more. There's never been a time when Airfreight was so important.



AMERICA'S LEADING AIRLINE—

**AMERICAN AIRLINES INC.**

## Which METAL ALLOY BEST SUITS YOUR FASTENING NEEDS ?



**SILICON BRONZE** bolts and nuts, both stock items at Harper, are widely used on power line equipment for their high tensile **STRENGTH** and **CORROSION-RESISTANCE**. Fastenings of this metal give dozens of years of service without failure.



**STAINLESS STEEL** bolts and nuts, because of their resistance to **CORROSION** and **HEAT**, are used to secure bubble cap assemblies in distillation towers. Depending on the application, other alloys such as **COPPER** and **MONEL** also are used.



**MONEL** and **NAVAL BRONZE** fastenings assure trouble-free operation for marine equipment such as this sewage pump. They are selected because of their resistance to salt water and other highly **CORROSIVE** chemicals.

**HARPER** *has the products  
and the answers!*

Regardless of what your need may be—if it calls for top quality bolts, screws, nuts or fastening accessories in non-ferrous or stainless steel—Harper can help you.

Over 7000 different items in stock and ready for delivery from warehouses and distributors coast to coast—backed by mass production facilities and a group of fastenings specialists who know alloys.

For further information or help on your own problems, mail coupon today.

SPECIALISTS IN  
ALL NON-CORROSIVE METALS

**HARPER**

**EVERLASTING FASTENINGS**

Chief Metallurgist—The H. M. Harper Co.  
8225 Lehigh Ave., Morton Grove, Ill.

( ) Send Catalog ( ) Our problem is:

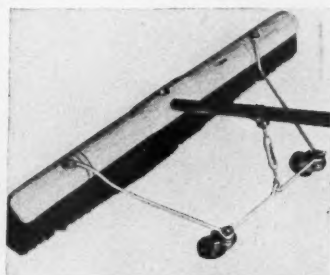
Name.....

Address.....

on the meter in a matter of seconds.

• Source: Weston Electrical Instrument Corp., 641 Frelinghuysen Ave., Newark 5, N. J.

• Price: \$500 for a single unit.



## Easier Plant Sweeping

JEF Mfg. Co.'s chassis device for heavy floor brushes takes some of the strain out of sweeping plant floors.

Attached to a brush, the device forms a rectangular chassis. One side is the back of the brush; the other three are metal rods. The rod parallel to the brush has swivel casters at each end. It clamps to the brush handle above.

On the dirt-gathering stroke, the brush rests on the floor and the two casters. On the recovery, you lower the handle, shift the weight off the brush and onto the casters. You can set the brush handle to any comfortable working angle by adjusting a turn-buckle on the rod that goes between the chassis and handle.

• Source: JEF Mfg. Co., 309 W. Monument Bldg., Dayton 2, Ohio.

• Price: \$5.50.

## NEW PRODUCTS BRIEFS

Carbon dioxide cylinders can be weighed quickly with a tripod device from American-LaFrance-Foamite Corp., Elmira, N. Y. You insert the top of tripod under the cylinder neck, press a hand lever until the cylinder clears the floor. Then you read the scale. Capacity: 200 lb.

An oil fog lubricator atomizes oil to particles only 2 micron in diameter (.000079 in.). Because it is so fine, the fog adheres to the parts. Developed by C. A. Norgren Co., Denver, Colo., Micro-Fog Lubricator is especially good for jobs on closely fitted moving parts.

Sava-Step lawn sprinkler cuts trips to the hydrant or house faucet by regulating the rate of water flow at the sprinkler head. It's from Wes-Ko Products, 6057 West Adams Boulevard, Los Angeles 34, retails for \$3.





## ALCOA tip for increasing efficiency

**ALCOA**—the Aluminum Company of America—has a big responsibility in our nation's production effort. That's why they have recently completed a big new plant at Bettendorf, Iowa, as part of a program of expansion and modernization designed to increase their aluminum producing capacity. That's also why Alcoa is doing everything possible to increase efficiency in practically every phase of its operations.

For example—in the Administration Building and First Aid Room of the ultra-modern new Bettendorf plant—Alcoa supplies its workers with top-quality Fairfax cloth towels dispensed by modern continuous towel cabinets. They know that Fairfax cloth towels...soft, extra-absorb-

ent and fuzz-free—are appreciated by employees...help to build the morale that means greater on-the-job efficiency. They also know that cloth towels mean far less washroom litter, far fewer clogged drains, reduced need for porter service and surprisingly moderate cost per user per month.

So, take a tip from Alcoa. No matter what your business it will pay you to investigate the advantages of giving your workers those good Fairfax cloth towels. Available in continuous, individual or grommet types.

The Fairfax towels for this new Alcoa plant are supplied by Tri-City Clean Towel Service of Davenport, Iowa. To contact your local supplier of Fairfax Towels just look under "Servilinen" or "Linen Supply" in your classified telephone directory.



Administration Building of New Alcoa Plant at Bettendorf, Iowa. The sweeping modern lines of this big new building's exterior are matched inside by scientifically modern design and equipment. Naturally, Alcoa selected Fairfax cloth towels and streamlined cabinets for all washrooms.

**CLEAN COTTON TOWELS**  
...sure sign of  
good management!



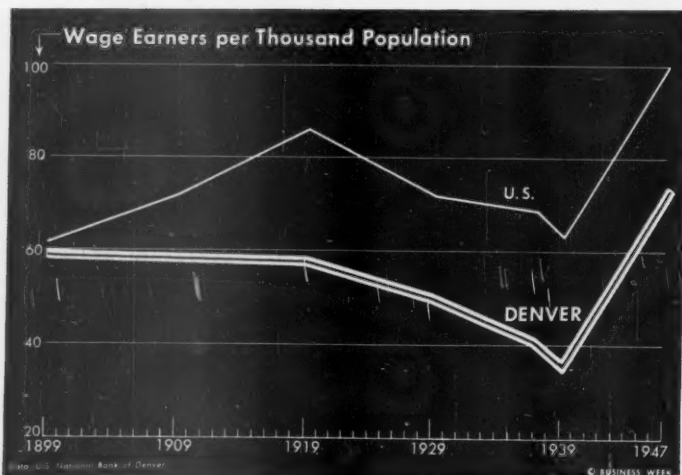
**FAIRFAX TOWELS . . . Wellington Sears Co., Selling Agents, 65 Worth Street, New York 13, N. Y.**

**A PRODUCT OF WEST POINT MANUFACTURING COMPANY**

# REGIONS



## Denver: "Wild" West Goes Industrial



The generally accepted date for the start of the industrial revolution was 1840, give or take a decade. But not in Denver, Colo. Denver's own industrial revolution started 100 years later—in the 1940's—and it's still going strong.

In 1899 there were 60 factory workers in the Denver area for every 1,000 population. That was very close to the national average. But the next 40 years turned out to be a period of deindustrialization for Denver. By 1939 (chart) the ratio had fallen to only 37 factory workers per 1,000 population, which was less than 60% of the national average.

At the outbreak of World War II, the government made special studies on the regional distribution of 24 industries considered vital for national defense. In all but three of the 24, Denver's share had either declined since

1929 or was so small that comparisons were meaningless.

• **Turning Point**—But the start of the war marked the turning point; since then, Denver's industrialization has been dramatic. By 1947 there were over 36,000 factory workers employed in the Denver area, considerably more than double the 1939 total. And the number has continued to grow since then.

The abruptness of the turnaround in Denver's industrial pattern was due to a coincidence of two factors:

(1) By 1939 Denver's de-industrialization had carried it so far behind its own potential that it was in a spot to respond immediately to the needs of defense production.

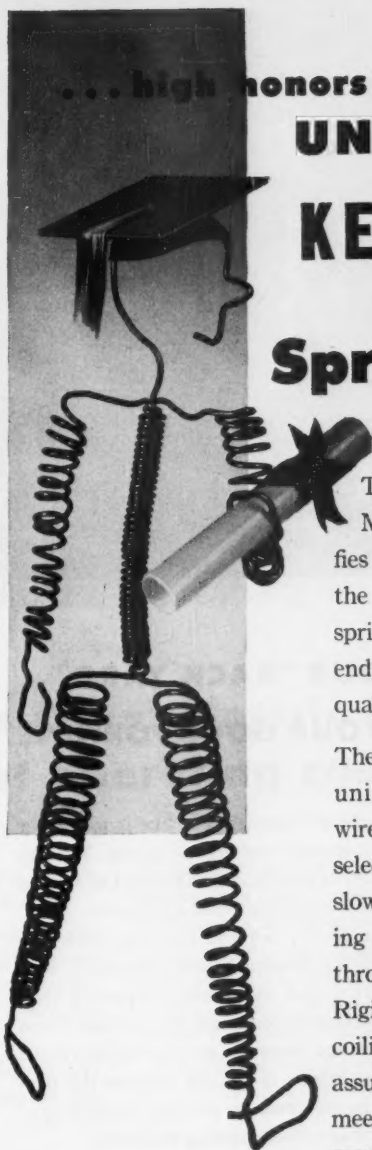
(2) A new generation of young (or young-minded) businessmen, with their eyes set toward growth and progress, were beginning to make their influence felt in the city.

• **Miners Got There First**—Denver was founded in 1859 on the discovery of gold nearby. Its first flush of wealth came from the gold, silver, and other metals of the mountains; its second from the plains, with the development of big irrigation and modern ranching. But the successful miners who made fortunes went East to spend them. And the farmers and ranchers stayed away from the city.

So the people who built Denver were the people who made and bought and sold things for the miners, ranchers, and farmers—the solid men, the safe six-percenters. Denver grew fat as a trading center, as a distribution point, as a financial hub, as a meeting place for miners and farmers from a million surrounding square miles. And as it grew fat it grew more and more conservative. The second and third generations of the bankers and traders who had built the town took over; they saw no need or reason for change. More and more, Denver's enterprises were taken over by big national companies, with headquarters in New York or Chicago. It became increasingly a city of branch managers whose primary loyalty lay elsewhere. These men—the old, solid Denver families and the branch managers—for decades ran not only the business but the politics of the city, the state—and, to a large extent, the region.

• **"Country Banker"**—Perhaps the first of the forward-looking men to move in on the city was Elwood M. Brooks, a banker from Kansas. In 1941 he and a few friends bought control of Denver's Central Bank & Trust Co.—an insignificant institution with only \$7-million in assets, not in the financial district and not a member of the clearinghouse.

Brooks' motto: "Every big city needs a good country banker." And he set out to be it. One thing he noted at once



... high honors for  
**UNIFORMITY**  
**KEYSTONE**  
**MUSIC**  
**Spring Wire**

The uniformity of Keystone Music Spring Wire simplifies production problems in the manufacture of intricate springs and parts . . . assures end products of the highest quality.

The structural soundness and uniformity of this quality wire is attained by careful selection of raw materials, slow and meticulous processing and constant examination throughout its manufacture. Rigid final inspections include coiling, torsion and bend tests assuring the right quality to meet your exacting requirements.

*If your products require any type of "special" steel wire, please consult us.*





"S" CELLS, developed by Hooker, produce nearly half the chlorine used in this country today.

## OUR "BACK YARD" IS YOUR GOOD FORTUNE

Tourists are awed at its majestic thunder. We like it too—as a symbol of our nearby source of unfailing electric power. We like to think that its dependability is matched by the kind of service we try to give when supplying you with useful chemicals.

Favorable location—near power, rail and shipping centers—is one good reason for specifying Hooker as your chemicals supplier. Others are: high quality and uniformity, improved constantly through research; advanced technical service that helps you find profitable new uses and improve present applications; chemical know-how that has helped to greatly increase the production and use of chlorine in this country; prompt scheduling of shipments that keeps your production running smoothly.

Write today for the booklet, "Story of Hooker Chemicals," which shows how Hooker Chemicals and Hooker services can help sales and reduce production costs.

*From the Fall of the Earth*

### HOOKER ELECTROCHEMICAL COMPANY

NIAGARA FALLS, N. Y. • TACOMA, WASH.

CHLORINE • CAUSTIC SODA • SODIUM SULFIDE  
and 100 other useful chemicals for industry



U.S. National Bank's Dines (left) and Mayor Newton are pleased with the results of National's economic survey of the Denver area.

was that the loans of the six clearing-house banks—"the 17th Street banks"—amounted to only about 25% of deposits, compared with a ratio elsewhere in the country of 35% to 45%. It wasn't hard to find the reason: The conservative "big six" didn't like to lend money except on sure things; they cast a fishy eye on loans to the little guys, on loans for expansion, on loans to establish new businesses.

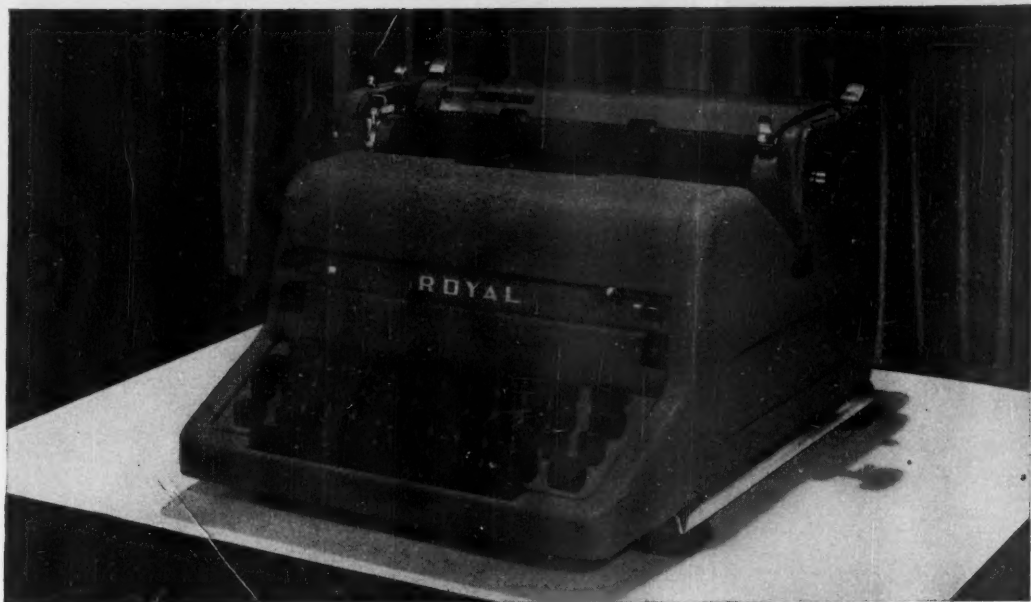
So Brooks began to lend money, especially to the little guys. And in nine years he has built his bank's assets up to almost \$60-million; it has already outdistanced two of the "big six," and the rest are looking back over their shoulders.

• **Hoyt of the Post**—Then came Palmer Hoyt, an Oregon newspaperman who was brought in to run the Denver Post. The Post, always the region's dominant newspaper, had been slipping down hill. Hoyt set about rejuvenating it. He staked out the whole Rocky Mountain area as the Post's territory (he calls it the Rocky Mountain Empire) and set about making the Post The Newspaper in that area. He built a new \$6-million building for the paper and moved it from its antiquated quarters.

But most important, he has been heart and soul behind the new, progressive element. He has been printing the news as he pleases, often needling the sit-back, conservative 17th Street crowd. And he was the major force in getting political control of the city away from the old-liners in 1947.

The man who was elected mayor in that election, with Hoyt's backing, was 36-year-old Quigg Newton. Although he stems from one of Denver's wealthy families, he is an ardent member of the new group. Part of this outlook may come from the fact that he was once law clerk to William O. Douglas





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**APRIL 30—MAY 4**  
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CHICAGO**



VOICE OF AMERICA talks things over with Palmer Hoyt (left), whose Denver Post has become the leading newspaper of the Rocky Mountain Empire.

(when Douglas was on the Securities & Exchange Commission). One of Newton's achievements was to cut Denver's property taxes (BW—Mar.3'51,p112).

• **Industrial Potentials**—Around the same time, Thomas A. Dines, one of the leading conservatives, stepped out of the presidency of the United States National Bank, one of the "big six," and his son, Thomas M. Dines, stepped in. Today young Tom is up front in the new Denver group, and his bank is one of the leading progressive forces. With an eye on Brooks' Central Bank & Trust, he liberalized the U.S. National's lending policy. And he has gone far beyond straight banking in his influence on the community.

For one thing, he sponsored the new science of rain-increase and weather-control and gave it respectability, so that groups of ranchers and farmers all over the region are buying it (BW—Jun.17'50,p90). For another, he spent several thousand dollars of the bank's money (he won't say how many) to hire the Econometric Institute to do a complete study of the economic status and industrial potential of Denver and the Denver area. The study, completed late last year, is considered the best of its kind ever done on the Mountain region.

• **Utility Expands**—When Colorado Public Service Co. cut loose from Cities Service Co. late in 1943 under the holding company law, John Loiseau took over as president and general manager. Loiseau has been with the company, as secretary and vice-president, for 20 years, but when he stopped being a "branch manager," he turned out to be as forward-looking as any of the new group.

At the end of the war, Public Service had 194,000 kw. of generating capacity. Since then it has spent \$61-million to build that figure to 300,000 kw. Definite plans are in the works to increase it to 440,000 kw. by the end of 1953. And, asked what he thinks of Denver's future, John Loiseau says, "This company has definite, concrete plans for a million kilowatts of capacity. That's what we think of it."

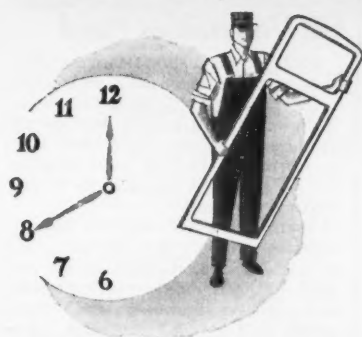
• **Just a Beginning**—Because of its distance from major markets, Denver can never hope to attract much heavy industry, where shipping costs are an important part of total value.

But the U.S. National-Econometric Institute report points out many types of light industry for which Denver would be an ideal location. Among them: electrochemicals, advertising copy and mats, jewelry, precision instruments (in which the city already has a considerable stake), lightweight building materials from pumice and other local raw materials, pulp and paper, textiles and clothing, book and magazine publishing, high-value specialty machinery, and engineering and research laboratories.

Much of the industrial growth since 1939 stems from expansion of businesses already established. For example, Gates Rubber Co.'s employment has grown from 1,700 to 5,879; Shwayder Bros., Inc., from 250 to approximately 1,500; General Iron Works Co., 350 to 800; and Silver Engineering Works has tripled manhours during this period.

• **Some Disadvantages**—Denver has some disadvantages that might discourage prospective new industries. It has one of the tightest office-space squeezes in the country. There are 1-million

let's look at  
the shape of  
things to come



... if future plans require it ...

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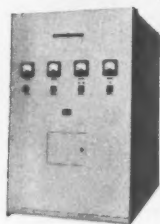


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sq.ft. less of private office space in the city today than there were in 1935; not a single large office building has gone up in that time. And there doesn't seem to be much prospect of improvement any time soon, because of the government freeze on commercial construction.

Another disadvantage is one of the tightest labor-supply situations in the country. But this is getting less important. For one thing, labor is getting increasingly short in the rest of the country, so Denver, relatively, isn't so bad off. For another, the country around Denver is full of young farm people who could easily be attracted to the city by the lure of high wages.

• **But More Advantages**—Denver boosters insist that Denver's advantages far outweigh the drawbacks. One of the high points, they say, is the climate, which has made Colorado a vacation and a health resort for many years. But their biggest talking point right now is Denver's strategic location—an increasingly important factor in this bomb-conscious world.

## Winter Helped Wheat, Hit Vegetables Hard

Most of the nation's farmers, busy this week finishing their tool-up for spring planting, could figure that winter had given them a helping hand toward record crops. In the winter wheat belt, in particular, farmers were thankful for an eleventh-hour break in a long siege of dry weather.

• **South Hard Hit**—But the record-breaking freezes that reached clear to the subtropical Gulf Coast had blasted many legume cover crops, winter and spring vegetables, and citrus groves in Texas and Louisiana. For these farmers, it was chilly comfort that the boll weevil probably took it on the chin. Cold likewise swept winter wheat in eastern Washington where insulating snow was lacking.

• **On Net**—But over-all, the winter can be credited with many a timely assist in the drive to make 1951 a big farm year in food and fiber. Positive gains were scored by cotton growers and even the cornhog producers of the North Central states. For the California farmer, crop prospects steadily brightened except near Los Angeles.

Winter wheat greening the fields north into the basin of the Big Missouri already heralds the spring. In much of the southern half of the country, farmers plan to work their land as soon as the fields are dry enough for tilling. There is little fear from a dying winter even in the North.

• **Southern Great Plains**—Late snows and rains broke 20 straight weeks of





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**BUSINESS AS USUAL.** Your Gold Bond Applicator will sound condition your office at night or on weekends.

#### 2 BIGGEST SELECTION AVAILABLE.

Every sound conditioning job has its own problems. Your office may have an unusual ceiling design. Or you may have very little money for modernizing purposes. That's why Gold Bond makes *many different* Acoustical products to cover every possible need and meet any budget. No one else offers such a wide variety.



**BEAUTIFUL RESULTS.** A big variety of washable and repaintable surfaces and colors, priced to fit your budget.

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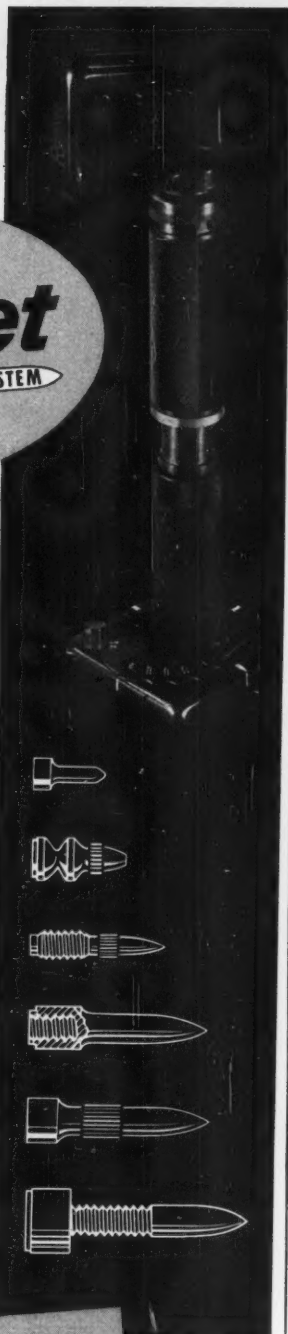
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drought and rescued the winter wheat crop from disaster. But far more moisture is still needed.

The wheat men seeded under good to ideal conditions, but the fall rains failed.

Before the end of February, enough moisture came in tantalizing installments to ward off a disaster. In Oklahoma, drought has been relieved, although the Texas Panhandle and north-west Kansas are still in danger. The late rains greatly helped crops in Missouri, Nebraska, eastern Colorado, and parts of Kansas.

Other crops in the plains fared far less well. Fall-sown barley and oats and alfalfa suffered damage in Texas and Oklahoma, while the prospects for Texas flax were dimmed.

**The South**—Winter's severest blows were reserved for Dixie where the mercury ebbed to the unequaled low of 11 below zero in Memphis, Tenn. In Texas and Florida, cold took a heavy toll in truck crops. Few vegetables will be shipped from the Rio Grande until the spring crops of tomatoes and corn are ready. Damage was greatest in cabbage, carrots, celery, and tomatoes. In Florida, growers have had to replant their watermelon and tomato crops.

Zero weather was a timely break for a nation on a thin edge in cotton supplies. The boll weevil, cotton's deadliest enemy, cannot survive zero temperatures. The cold wave that reached to the Gulf on the first days of February came when cotton farmers were facing the worst boll weevil menace since the 1920's.

**North Central States**—Winter wheat—important in the cash grain sections of Illinois, Iowa, and other states east of the Plains—suffered little heaving or winterkill. The intermittent snow cover matched the low temperatures so that, in many areas, the unfrozen soil could soak up the snowmelt for wheat, corn, soybeans, and grass crops later this year.

**Citrus areas**—Both Florida and California citrus groves came through unscathed, but Texas and Louisiana were badly hit. Much of the Texas crop moved to processing plants, instead of the fresh market, as a result. Texas and Louisiana suffered tree damage, too.

**Livestock**—The mild and open early winter helped livestock on the plains and in the South to put on flesh. February brought a turnabout. Cattle lost flesh, and some unprotected animals, especially in the South, died of exposure.

**Irrigation farming**—The heavy snow-pack in the northern sections of the Rocky Mountains promises an abundant supply of irrigation water in the summer of 1951. In the central and southern mountains of the West, however, the pack is short.



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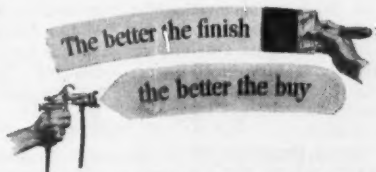
ON THE HOME FRONT's first line of defense is your vacuum cleaner, electric mixer, ironer, washer and other modern labor-saving devices. Day after day they go to work at the flip of a switch. They are tireless workers . . . and they always look good while doing their jobs. Today's appliances are truly "finished performers."

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# MARKETING



GI SPENDING at exchanges in the Far East bears out the fact that . . .

## Operation PX Is Big Business

It's still a land of opportunity for businessmen, because the number of exchanges is increasing along with the armed forces goal. But some of the rules have changed since World War II.

In Army and Navy Exchanges from Tokyo to Texas this week, GI's bought the same brands of cigarettes, chewing gum, and toilet articles they used to buy in the corner drugstore back home.

The businessman who is already selling to military stores knows them as a lucrative market that's growing as fast as the armed forces toward their 3.5-million-man goal. There's plenty of room in the market for more businessmen. But you have to know the ground rules—they've changed since the end of World War II.

In August, 1949, the armed forces found themselves living with a new set of limits on the kind of merchandise they can sell at a PX—popular name for a post exchange. It puts a ceiling on some of the items they buy. But in spite of restrictions, the armed forces still run one of the country's biggest retail establishments.

• **It's a Growing Business**—Official figures of business volume aren't released. But you can get a rough idea by some

simple arithmetic. Unofficial estimates put the size of the armed forces on domestic duty between 1.6-million and 1.7-million men. About 150,000 men are on occupation duty, some 250,000 are in combat. The average soldier or sailor spends about \$20 a month in military stores in the U.S.; if he's on occupation duty, he spends \$35-\$40. And in combat, he only spends about \$15 a month. Altogether, it comes to a whopping volume, around \$400-million a year roughly.

• **Protocol**—Selling to military stores is relatively simple. Each Army, Air Force, and Navy Exchange in the U.S. does its own buying. New York headquarters of the Army and Air Force Exchange Service handles buying for overseas exchanges. The Navy Ship's Store Office in New York acts as headquarters for the Navy's Exchange System, handles all accounting, does little buying except on special requests. (You don't sell to overseas exchanges; they requisition supplies as they need them.) So

your salesmen can add the military stores in their territories to their prospect list. It's about the same as selling to any other business: Your salesman calls at headquarters and negotiates with the buyers.

If you want to, you can make a price agreement with the Army or Navy. That involves a statement from you as a manufacturer that you will sell your product at a stated wholesale price. But that doesn't mean you'll automatically get a big order. The regional office or New York headquarters where you make the agreement merely passes the agreement along to the local exchange officers. Chances are, when they're open to buy the type of product you make, you'll get the nod over a manufacturer who doesn't have a price agreement.

• **Some Restrictions**—The restrictions placed on merchandise the exchanges can sell aren't too tough. Merchandise is broken down into 12 categories; some 200 items are on the list. Here's the breakdown: candy and confections, beverages (beer, but no liquor), tobacco and accessories, toiletries and drugs, stationery and supplies, clothing and accessories, photographic equipment and supplies, jewelry, housewares and accessories, sports and recreational equipment and supplies, automotive (gas and a few accessories, \$5.50 limit), and a string of miscellaneous items like sewing kits, shoe bags, flashlights.

Price limits are set on some items, mostly the luxuries. For example, the exchanges can't pay more than \$8.25 (wholesale) for cuff links, \$38.50 for cameras, \$2.20 for white dress shirts.

Reason for the restrictions goes back to a 1949 congressional investigation of the exchange systems. Retailers, who were feeling the pinch of slow sales in the first half of that year, protested that exchanges were competing with them.

After the retailers blew their tops on Capitol Hill, they got together with military representatives and worked out a set of regulations for exchanges. Under it, the armed forces agreed to: (1) accept the merchandise and price restrictions; (2) police sales so only authorized personnel could buy in exchanges; (3) charge the 20% federal excise tax on cosmetics and luggage; (4) stop ordering special kinds of merchandise like refrigerators and other goods ranging up to \$300; and (5) pay all their own expenses except rent.

Actually, the new rules didn't alter the idea behind the exchange system an iota. Exchanges were set up originally "to supply the troops, at reasonable prices, with the articles of ordinary use, wear, and consumption not supplied by the government, and to afford them means of rational recreation and amusement."

Today there are about 160 domestic post exchanges, 20 main exchanges over-



# To help you get the most out of the steels you're getting

The rearmament program, even at this early stage, is packed with headaches for steel users. And that is true whether you are working on defense orders or on non-military requirements.

**If you are operating under DO priority ratings** you will of course get first call on critical steels. The steels you need for government defense orders will somehow be made available, but—you will still be faced with the necessity of quickly making the most out of those steels. For military needs are pressing and promise to become more so.

**If you are working on purely civilian goods**, your problem is an even more difficult one. You will find it almost impossible to obtain certain steel items that are essential for defense. To fill the gap you will have to employ substitute steels. You'll need help not only in selecting the proper substitute steels, but in using them properly.

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The steel engineers and metallurgists we have assigned to this important job of helping you use steel more *effectively* are the same men who were largely responsible for the development of National Emergency steels—one of the outstanding metallurgical accomplishments of World War II. These men can call upon the facilities of the most completely equipped steel research laboratories and the largest steel making plants in America. They can bring to the solution of your problems the very latest ideas and time-saving techniques in the working and treatment of steel. We urge you to draw freely upon this rich reservoir of experience.

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**General Binding Corporation**  
800 W. Belmont Ave., Dept. BW-3  
Chicago 14, Ill.

seas. Main exchanges have numerous branches.) The Navy has 148 exchanges, about 600 Ship's Stores. And the number will increase as troop strength grows.

• **Low Markups**—Like other businessmen, operators of military stores try to make a profit. But they don't get to keep it. It's pooled and then redistributed among the posts and bases to pay for welfare activities—bowling alleys, company day rooms, snack and soda bars, libraries, athletic programs.

Profit goal of the Army and Air Force Exchange Service is a 6% net. Currently, profits average about 8½%. The difference goes to a fund for erection of new PXs and modernization of old ones.

Markups, so dear to the heart of retailers, are relatively low in PXs. Because they operate a service facility,

PXs take their lowest markups on items of greatest necessity, their highest on items of convenience. There are no controls on resale prices, even on brand names. Markups range from 7½% on items like cigarettes, to 25% on things like cameras. Servicemen pay as much for some items as civilians do, but overall savings run about 20%.

• **How a GI Spends**—When he goes into the local PX, how does the average soldier spend his money? Tobacco takes 19¢ of the dollar; candy, 5¢; drug items, 7¢; lighters and jewelry-type items, 5¢; magazines and stationery, 4¢; clothing or insignia, 11¢; bottled drinks, 9¢; and sundries, 18¢. The cafeterias and snack bars get 22¢. In today's Army, milk bars and soda fountains get a big play—younger soldiers account for the pickup in that kind of business.



CAMPAIGN manager D. D. Couch (left) explains company tactics that will make . . .

## Every Plumber a Retailer

Korea caught American-Standard with its production up, so the company is launching a \$750,000 program to turn plumbers into retailers. Object is to top the neglected replacement market.

In a time of generally dwindling civilian production and soaring demand, American Radiator & Standard Sanitary Corp. finds itself in a strange position: It has to get out and sell hard. The market for its products—heating and plumbing equipment—is shrinking fast as home building slows down. But the

company's productive capacity, greatly expanded during the housing boom, is still big.

• **Plumber to Retailer**—American-Standard is rolling with the punch. Next week it will launch a \$750,000 program to turn some of the country's 65,000 plumbers into retailers who can de-

velop and sell the long-neglected replacement market.

"The beauty of this program," says the company's vice-president, D. D. Couch (picture, page 94), "is that it will sell whatever there is to sell. No matter what mobilization does to our lines, it won't put us out of business."

• **Incentive for Selling**—The reasons American-Standard finds itself in such a tough spot are easily understood. To meet the demands of the postwar housing boom, it added three new plants, beefed up the old ones, added 5,000 new jobs. Gross sales doubled since prewar. Then came Korea, with its credit restrictions on home building and its threat of severe cutbacks in building.

The company doesn't expect similar cutbacks in its own production. Cobalt—used in making enamel stick to cast iron and in coloring vitreous china—is the most critical material on the list. But American-Standard is optimistic about finding substitutes.

There isn't any shortage of clay for producing vitreous china (used in more expensive wash stands and bowls). And the company says it isn't worried about getting enough cast iron (used in bathtubs and less expensive wash stands and bowls). Brass and chromium are a problem. So the company has taken the chrome bars off wash stands, eliminated fancy trim, and standardized faucet and stopper handles.

• **"Where Can I See It?"**—Repeatedly over the years, American-Standard's advertising to consumers has pulled inquiries that said in effect, "The product's swell—where can I see it?" Plumbing and heating shops are generally in remote locations, don't have the space, let alone the atmosphere, to display and sell fairly expensive fixtures.

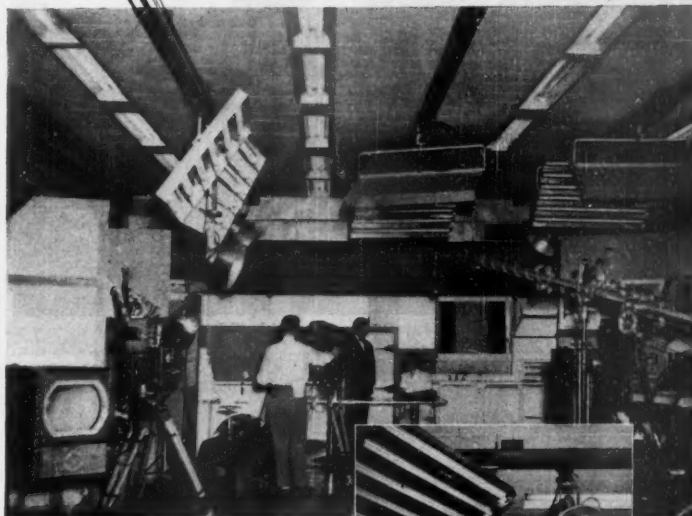
American-Standard figures that if it pulls those shops out of the alleys and onto the avenues and teaches plumbers to sell the equipment they install, it will be able to tap a vast and waiting market. That market, it thinks, will grow as mobilization efforts cut into supplies of hard goods. People are going to have more money to spend, and American-Standard hopes to be able to persuade them that a new bathroom or heating plant would be a good place to spend it.

• **Subtle Launching**—American-Standard's program has already started, in a subtle way. National consumer advertising campaigns have been switched from straight product promotion to "before and after" displays.

• **A Package**—The real meat of the program, though, is wrapped in a package to be offered the country's 65,000 plumbers. It includes:

- A 40% discount on merchandise displayed for six months;
- A free store planning service;
- A free exhibit-design service to

We kicked  
the footlights upstairs  
so they won't get underfoot



A TV stage set needs lots of light. Yet the scene is often changing.

How to get flexible lighting—without the nuisance of portable spotlights on long extension cords?

Trumbull's TK FLEX-A-POWER is the answer—a combination electrical busway and trolley system. Lights are attached to the power take-off trolleys, can be easily moved the length of the TK track by a hook-stick. Lighting effects follow the action, move in with camera for closeups, are quickly shifted for scene changes.

TK trolley busway is one form of FLEX-A-POWER, the power distribution system that comes in standardized sections, is easier to install than wiring and conduit, permits power take-offs at frequent intervals, is easily relocated to suit new requirements.

Today, FLEX-A-POWER—in demand for defense—is not as plentiful as we'd like. But . . .

*It's a Trumbull product  
that's worth waiting for*

TRUMBULL  ELECTRIC

THE TRUMBULL ELECTRIC MANUFACTURING COMPANY  
Plainville, Conn.

FLEX-A-POWER (bus distribution) . . . CENTR-A-POWER (control centers and switchboards) . . .  
CONTROLITE (stage and auditorium lighting switchboards) . . . circuit breakers . . . switches, etc.

## executive office group

more than just office furniture... a tool for better management. Engineered to ease the strain on the busy executive, this series is so broad and flexible it offers over 100 custom-planned variations. Created by architect Designer George Nelson for America's Foremost Collection of Modern Furniture. Write to Dept. BW-3, for handsome illustrated brochure.

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Your higher income men need disability benefits more in line with their incomes than is provided by regular group insurance. We are equipped to help you solve this problem and invite further discussion with you on this important subject.

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INSURANCE BROKERS • CONSULTING ACTUARIES

Chicago New York San Francisco Minneapolis Detroit Boston Los Angeles Pittsburgh  
Seattle St. Louis St. Paul Duluth Indianapolis Portland Superior Cleveland  
Buffalo Columbus Phoenix Vancouver Toronto Montreal Havana London

help retailers participate in local promotions;

- A series of packaged direct-mail campaigns, for which the plumber-retailer pays less than cost;

- A free copy service for newspaper and radio ads;

- Paid-for space in classified phone books (this alone will cost the company about \$110,000 a year);

- A cooperative advertising program (American-Standard pays half).

American-Standard figures the potential business available will support 30,000 aggressive retailers. Right now, there are about 15,000 plumbing and heating stores. But there aren't enough of them in areas of high demand. There are few stores in New England, for instance, where there's a big market for remodeling of old homes.

- **Know Your Line**—American-Standard also plans to drill retailers in what and how to sell. The more thoroughly a retailer knows his line, they figure, the more he'll push it. And the company hopes its new program will keep retailers interested in its products.

## MARKETING BRIEFS

The 45 top ad agencies in the U.S. had total billings of \$1.3-billion in 1950, reports Advertising Age. This was up \$107-million over the year before. Billings of the biggest agency—J. Walter Thompson—increased from an estimated \$121-million to \$130-million.

The first issue of the new department store giveaway magazine—Carnival—will be out Apr. 15. Seven major stores will send it to 230,000 top charge-account customers. The stores get copies free, but take a center-spread ad and pay for mailing.

Concentrated milk (add two parts water, get a quart) went into stores in the Greater Boston area. Distributor: Deerfoot Farms. Previously, National Dairy Products had tested it in Wilmington, Del. (BW—Dec. 2 '50, p. 86). Retail price is 2¢ a quart under regular milk.

Hard-goods cutbacks were announced by Westinghouse and RCA. Westinghouse said output of appliances and radio and TV sets has been slashed 20% from last-quarter 1950 production. RCA set Apr. 1 as the cut-off date for some of its output of high-priced TV sets.

The new Sakowitz Bros. store in Houston cost \$8-million. It has a marble exterior, boasts a Sky Terrace, is decorated inside with imported marble and veneers. That's Houston's second big postwar store: Foley's \$11-million store was built three years ago.



## For YOUR NORMAL NEEDS

LYON offers more than 1500 regularly cataloged items of steel equipment engineered to meet your civilian or defense production requirements. See list below.

## For DEFENSE SUBCONTRACTS

Complete sheet metal facilities to handle gauges 10 to 24. Two strategically located plants, 1500 trained workers, our own toolrooms, 3800 contracts in World War II,

2 STRATEGIC PLANTS... AURORA, ILL., AND YORK, PA.

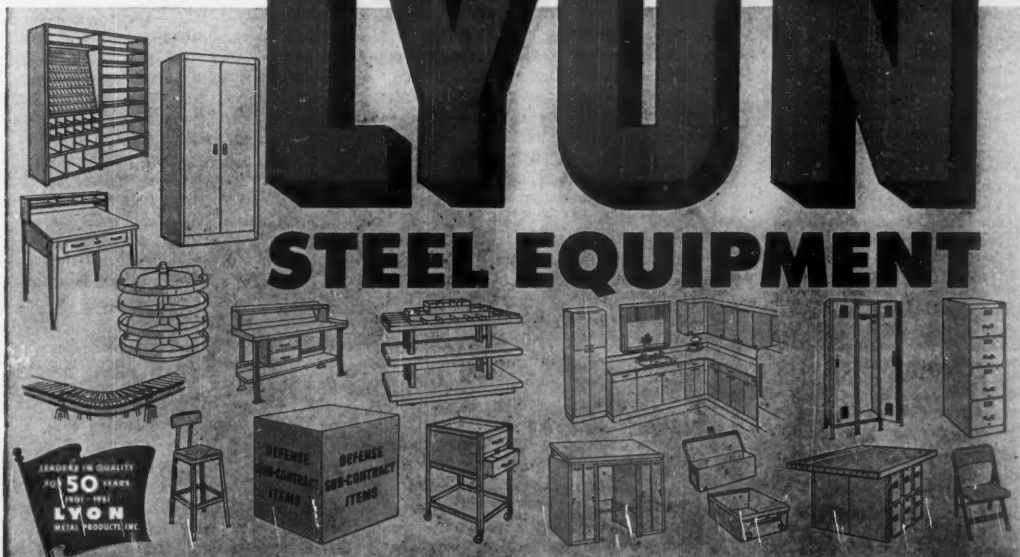
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General Offices: 310 Monroe Avenue, Aurora, Illinois

Sold Nationally through Factory Branches and Dealers

# LYON

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FOR 50 YEARS  
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METAL PRODUCTS, INC.

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- Cabinet Benches
- Storage Cabinets
- Welding Benches
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- Tool Boxes
- Parts Cases
- Economy Locker Racks
- Flat Drawer Files
- Toolroom Equipment
- Wood Working Benches
- Display Equipment
- Drawing Tables
- Revolving Bins
- Hanging Cabinets
- Filing Cabinets
- Folding Chairs
- Work Benches
- Bench Drawers
- Service Carts
- Sorting Files
- Drawer Units
- Hopper Bins
- Tool Stands
- Shop Boxes
- Tool Trays
- Shop Desks

"GERLINGER CARRIERS  
easily handle our

LONG  
LOADS

yet allow  
SHORT TURNS"

... says a prominent mill owner  
who operates a fleet of Gerlinger  
Model 4MH Carriers. The longer load  
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maneuverability of a 110" wheel-  
base, make the 4MH Gerlinger out-  
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Our new brochure describes  
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more material  
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Such savings are directly attributed to  
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- ★ High percentage of recovery—99.9% plus.
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maintenance costs, quick and easy material  
changesovers.
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optimum recovery and sensational filter  
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\*Patents applied for by M. J. Hershey, Jr., and  
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**PULVERIZING MACHINERY COMPANY**  
37 Chatham Road Summit, N. J.

**MIKRO-COLLECTOR.**  
By the makers of  
MIKRO-PULVERIZERS and MIKRO-ATOMIZERS

## Retailers Suspect a Hook

First joy over OPS margin system fades, as merchants take second look. They fear squeeze on profits and worry about not being allowed to pass on higher operating expenses.

Retailers who thought they had won a major victory when the Office of Price Stabilization adopted percentage margin control for soft-goods prices aren't so sure this week—now that they have had a chance to study the order (BW—Mar. 3 '51, p24).

One New York retailer sums up the general attitude with the gruff remark, "The Office of Price Stabilization hasn't done us a favor." Others are more vehement. The American Retail Federation warns that "the impact may be such as to reduce realized margins . . . to a degree that will push many retail stores down to or below the breakeven point."

• **It Has Teeth**—An impartial observer might well ask: How come? The retailers had been arguing and praying for another margin control order similar to their heart's desire, MPR-580, the order that appeared late in World War II. They got what they wanted. The catch is that they got more than they wanted. They were given another MPR-580; but this one may have some teeth in it.

In principle, of course, the retailers hasten to point out that they think OPS is on the right track. It isn't trying to hold indefinitely to the ceilings that the price freeze established. Instead, it is lifting the lid for retailers. The device that it is using is margin control, which most retailers favor.

• **Usual Practices**—Percentage margin control admittedly is less tough than specific ceilings or even dollar-and-cents margin regulation. But the controllers build their case for it on the fact that this system follows the ordinary practices of U. S. business. It introduces no artificial restraints that cut across trade practices. What they think they have done is to apply a clamp on the natural business structure that can be tightened at need.

That's what bothers the retailers. They figure they are going to be squeezed. And perhaps they are right. For the price controllers designed the new order so that it can do just that—squeeze retailers a little. As Price Administrator DiSalle said this week: "If you're going to have price controls, you're going to have cost absorption."

• **Rollback**—Essentially, what Ceiling Price Regulation 7 does is make a dealer's margins on Feb. 24 the legal lid on the percentages he can tack on to the cost of any goods he buys. There is also an important provision requiring

that he roll back his prices if he made anticipatory price increases during the general freeze.

But this isn't sufficient. What does a dealer do about new goods that he never carried before, or goods coming from his sources at higher prices than he used to pay? It's at this point that the merchandisers' make their first big squawk. The method used to take care of this they call the "built-in squeeze."

In figuring out his margins, the retailer submits a pricing chart to OPS. This lists all his price lines in each category—men's suits, women's stockings, etc.—carried on Feb. 24, with the price the merchant paid, the price he charges, the percentage markup. He also uses simple arithmetic to find the average markup for each category.

• **Whichever Is Lower**—Now, in pricing an item whose cost of acquisition does not match exactly with any cost on the Feb. 24 list, the dealer uses the percentage markup for the next lowest price on his chart. Or—and this is what makes retailers scream—he uses the average markup for the whole category, whichever is lower.

The whichever-is-lower gimmick was not in MPR-580. Retailers complain that this automatically cuts off their higher margins, which in turn will trim profits. The controllers hope it will do precisely this and thus help prevent the pyramiding of percentage markups.

On bringing in goods bought at less than any price on their charts, retailers get a break—according to OPS thinking. In pricing this item, the retailer doesn't use the whichever-is-lower clause. He merely takes an average of the two lowest lines on his list. This, OPS hopes, will encourage retailers to stress low-end items because they will get a fair profit on them. Whether it will be doubted, however, by some price control experts.

• **Higher Costs**—The second big complaint of the retailers is that they get no chance to pass on their own increased costs of doing business—freight rates, higher wages, and other costs. At this point you run into a tangled, bitter argument. Will retailing costs go up? The price controller says, no, they won't. Look at the last war, when stores stuffed off such services as delivery, fancy packaging, fitting, etc. But retailers argue loudly that this is only a semiwar economy, in which they still have to offer services for competitive reasons. The price controllers in reply point to the profits chalked up



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Air conditioning that satisfies both building requirements and tenant desires...and yet is often substantially lower in cost than other systems—that's what you get with General Electric Personal Weather Control. Designed to supply year 'round comfort in office buildings, hospitals, hotels, apartment houses, and other multi-room structures, these newly-im-

proved G-E Systems feature unparalleled flexibility.

Building owners like the way G-E Systems can be quickly adapted to office rearrangement. Architects and engineers like the saving in space that is often possible because G-E Systems can be installed with small-size, high-pressure ducts or even without ducts. Tenants enjoy living and working in G. E.-air-conditioned buildings because they get individual room control of climate.

Here are a few of the ways you save!



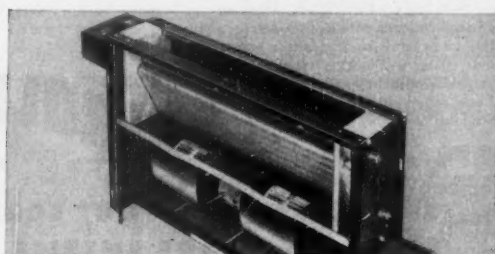
**LOWER INSTALLED COST!** G-E Personal Weather Control Systems using the individual G-E Room Air Conditioner shown above often require substantially lower compressor capacity than competing systems. Application with small-size, space-saving ducts, or without ducts at all, can save both installation and building costs.



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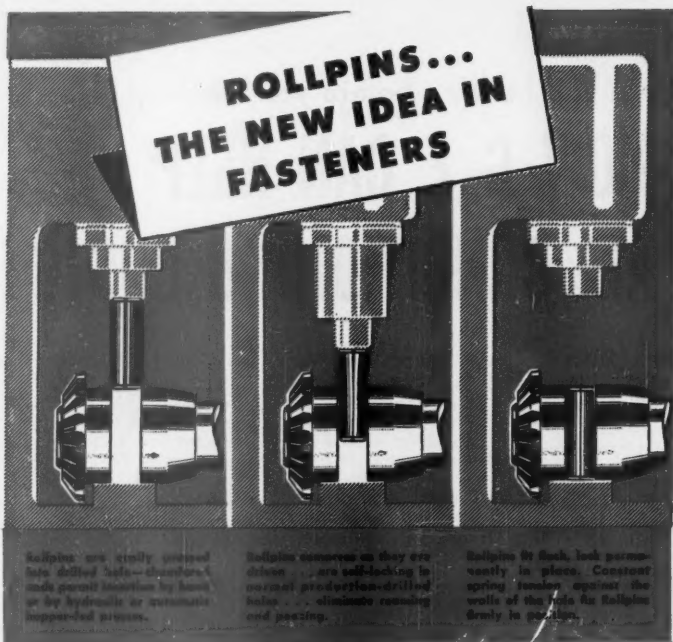
Please send me, without obligation, detailed information on  
G-E Personal Weather Control Air Conditioning Systems.

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## How to cut pinning costs with Rollpin self-locking fasteners

Investigate now the real production savings on every type of job involving pinning. Rollpin self-locking fasteners are ready to help you do away with expensive reaming, peening, machining and threading operations by replacing taper pins, grooved pins, rivets and set-screws.

Quickly inserted into standard drilled holes, Rollpins are there to stay—vibration-proof until removed with a pin punch. . . and Rollpins can be re-inserted with a hammer! A neat, clean, self-locking assembly is provided; and Rollpins exceed the shear strength of a cold rolled pin of equal diameter.

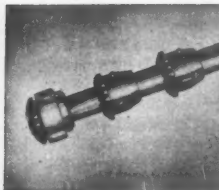
Slashing assembly time, inspiring new

product designs, simplifying old fastening procedures, Rollpins are now helping cut manufacturing costs as steel fastening pins holding pulleys and gears to shafts, as pivot or hinge pins, clevis pins, cotter pins, shafts, and locating dowels.

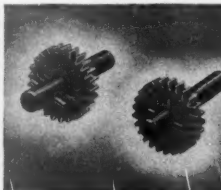
Get the latest information about your application. Write to Elastic Stop Nut Corporation of America, 2330 Vauxhall Road, Union, New Jersey.



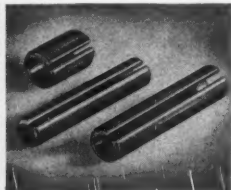
**ELASTIC STOP NUT CORPORATION OF AMERICA**



Twenty gears are quickly Rollpinned to form-tool gear train shaft. Assembly time was cut . . . field service simplified, because Rollpins drive out readily.



Rollpin is used as a self-retained pin in shaft . . . which is press-fitted into recess molded into sintered gear. Unusual shear strength makes it ideal for this use.



Rollpins are supplied to specified lengths with chamfered ends. Available from stock in diameters from 3/64 inch to 1/2 inch in Carbon Steel and Stainless Steel.

by department stores during the last war—they rose from 4% of sales to 12% in four years.

• **Other Vises**—There are still other points in the order at which OPS can tighten up the screws on retailers—if it chooses.

One is what the retailers refer to as the "blank check." This section of the order says that the dealer cannot pass on to the consumer a so-called "OPS adjustment charge." What this means is that OPS can, if it wishes, give a manufacturer a higher price if his costs justify it—and make the retailer swallow it. Or it can split the cost increase three ways, among manufacturer, wholesaler, and retailer.

Another "tightening" point is the provision that all retailers who keep complete enough books to do it must submit lists of their percentage markups for the four quarters preceding Korea. If the retailer doesn't keep such records, he must at least submit his gross margin for all his business during 1949. OPS will use these margin figures to see whether the retailer's percentage markups are in line with the trade.

• **Inequity**—There is a certain inequity about this last provision. It penalizes the 30% or so of retailers who use modern merchandising methods of accounting. Their books are open; the little man's are nonexistent. But this is one of the major problems involved in any system of price control. The big wheels—Macy's, the A&P, Sears, and the others—won't disobey because they're open to inspection. But the little fellows are tough to police.

Retailers will agree that the margin control system is workable. They simply cavil about this particular one. The furniture people, for example, are clamoring already for amendments to the order on the grounds that this one, as it stands, will squeeze them "unbearably." This was to be expected: The spread in furniture percentage margins is extremely wide, mainly because of the operations of the "borax" houses. They may buy two items for \$6 and sell one for \$7 as a loss-leader and the other at \$15 as a profit-maker. Naturally, the new order with its averaging process will hurt them.

• **More To Come**—Whether OPS ever sinks any of the hooks it has put in Ceiling Price Regulation 7 will depend largely on how successful it is in setting up the rest of its price control machinery. A retail price control order will not do the job of stopping inflation. It was logical to put a finished price control on retailers first, then go back and dam up the prices behind the retailer (page 25). This OPS intends to do in later orders. If it is successful it may then tighten up on retailers. If it isn't, price control won't mean much anyhow.



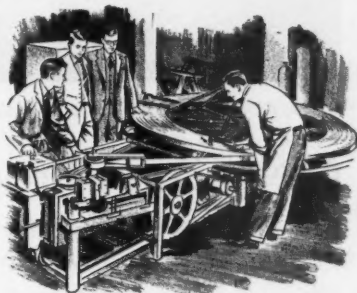
## BUSINESS IN MOTION

### *To our Colleagues in American Business ...*

For many years Revere has been saying that "Copper is the metal of invention." Its numerous qualities, such as high electrical and heat conductivity, resistance to corrosion, easy fabrication into even the most complicated shapes, formability by hand with simple tools, make it attractive to designers and inventors, as well as to manufacturers. Now we would like to add that "Copper is the metal of science," because it is so essential to the operation of the most modern scientific devices.

Take the case of a cyclotron being built by a great Western university for special studies of the atom. The construction of this machine offers an unusual example of the use of copper not only in invention and science, but also education. An essential part of the project was the utilization of the university's own personnel, so far as possible, not only in design, but in construction and assembly. A large group of staff members, engineers, research assistants, electronic technicians, and machinists was formed. Included among the personnel were graduates and graduate students in physics.

The first major undertaking of the cyclotron group was the winding of the seven miles of Copper Bus Bar, supplied by Revere in soft temper, free from scale, rounded edges, to form the great coils for the electromagnet. The necessary winding machine for this work was built in the university shops, largely of surplus materials. It took four months to complete the coils and test each silver-brazed joint. Another important part of the cyclotron was shaped in the shop out of copper sheet, 4,000 pounds of it; the work on this is a story in itself. The heaviest part naturally is the special alloy steel core, weighing about 200 tons, forged in six pieces. Pole faces were machined parallel to



a tolerance of  $2\frac{1}{2}$  thousandths of an inch, an excellent record on a piece of steel of such a large diameter (over five feet) as is required for the instrument. It is calculated that the magnetic force of attraction between the two poles will reach 160 tons when the current is flowing through the copper coils. We have spoken of copper's high electrical conductivity; another way to express it is that copper has low electrical resistance. The total resistance of the seven miles of Revere Copper in the coils is only one ohm, or less than a hundredth of the resistance of the glowing tungsten wire in a

100-watt light bulb. Tungsten has high resistance, which is why it becomes white hot; copper has low resistance or high conductivity, so that it can carry large amounts of power with minimum loss, little heating.

Eventually this cyclotron will add to man's knowledge of the atom. In the meantime, it has been a project of high educational value, and also an economical one; use of the university's own personnel and facilities cut the cost approximately in half. Revere is glad that it was asked to meet the high specifications drawn up for the copper, but it should also be recognized that many other firms supplied materials, such as the steel company, the makers of insulating paper and plastics, of cement, motor generators, electron tubes, and so on. Demands such as these for high quality demonstrate that American industry can meet challenges. So Revere suggests that the more complex and severe your requirements, no matter what the end product is to be, the more advisable it is for you to draw upon the knowledge and experience of suppliers. They can help not only on something as simple as a shoe, but on complicated machines, like an airplane—or an atom-smasher.

### REVERE COPPER AND BRASS INCORPORATED

Founded by Paul Revere in 1801

Executive Offices:

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SEE "MEET THE PRESS" ON NBC TELEVISION EVERY SUNDAY

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**"Balanced Suspension"**

Eliminates  
destructive side force  
of off-center loads



"Balanced Suspension" is an exclusive feature of the MERCURY Hydraulic Lift System. *Patented* cross suspension of fork carriage eliminates unequal strain of off-center loads on uprights and ram. One of the many important reasons MERCURY Fork Trucks perform with the highest efficiency year after year.

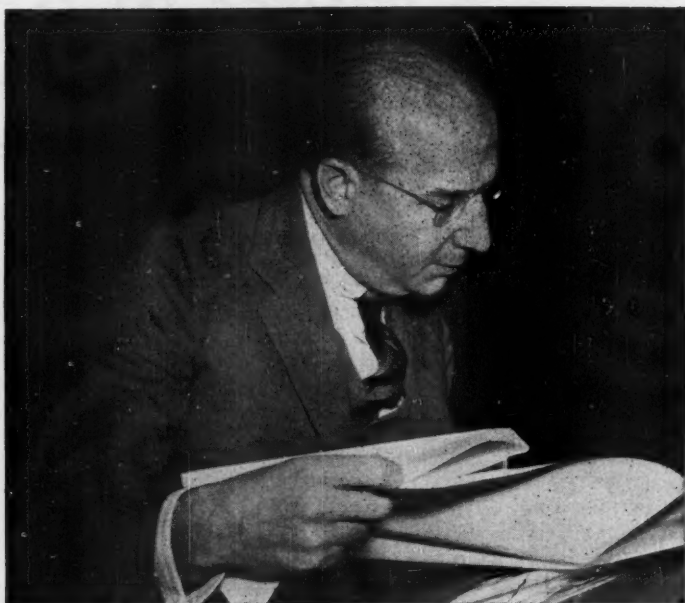
For the complete story on MERCURY Fork Trucks in capacities of 2,000 to 6,000 lbs. request Bulletins 295, 210-A and 210-B.



# MERCURY

MERCURY MANUFACTURING COMPANY  
4146 S. Halsted Street, • Chicago 9, Ill.

## FINANCE



METROPOLITAN'S Ecker wants to make capital loans available to small business.

### Met's Loan Program Drags

Insurance company blames slow start of its loans-to-small-business plan on state law limiting loans to corporations. So far, only 35 of the 88 applications received have been O.K.'d.

The experimental program of capital loans to small business that Metropolitan Life Insurance Co. started a year ago (BW-Mar. 4 '50, p. 100) hasn't gone over exactly like hot cakes. But this doesn't really prove anything about the demand for the type of small-business loans that life insurance companies can suitably supply. For mighty Met hasn't done much to push the project, other than sending a letter outlining its plan to 6,000 banks.

Metropolitan went into the small-business field to find out whether there is a "large unsatisfied demand" for capital loans to small business. A year ago President Truman and the Council of Economic Advisers were saying that this demand did exist.

Last May, Truman finally presented a package of small-business proposals to Congress (BW-May 13 '50, p. 24). Among other things, Congress was asked to approve "national investment companies"—promoted and supervised by government but privately owned—to provide equity capital and long-term

loans to small business. The whole package was soon tossed into the wastebasket on Capitol Hill.

• **Limitations on Loans**—Met blames its troubles on the fact that, under the insurance law of New York (the state where Met is chartered), the company can only loan to corporations. Met maintains that, since about 85% or 90% of small businesses are unincorporated, the law should be changed so that it could loan to individuals and partnerships as well as corporations. The company argues that, unless all small businesses are eligible for capital loans, the experiment can't be accepted as conclusive in case it should be a failure.

So far, however, Met hasn't been able to lure New York's legislators into its camp. This week the legislature has before it a bill proposing changes in the insurance law—but Met's proposal isn't among those present. The bill was introduced by a joint committee on insurance, which heard Met's executive vice-president, Frederic W. Ecker (pic-

ture, page 102) testify on the subject last month.

Insurance superintendent Alfred J. Bohlinger told the legislators that, "if this is something that is just being tested, I think the statute permits enough latitude now to try it and see how it works." While admitting that there were plenty of good loan risks among unincorporated businesses, Bohlinger was dubious about their accounting practices.

• **No Rush for Loans**—Ecker told the committee that up until last Nov. 8, only 88 applications had been received for proposed loans totaling about \$9.4-million. Of these, 35 were approved for a total of \$3.8-million. Since then, Ecker said, about 10 applications had been received up to last month.

That doesn't seem like very many loans. And probably Met could have done better. But the company feels that it's foolish to set up a national organization of its own and doesn't want to compete with banks. So it's careful to work through local banks and take only loans the banks can't handle.

• **Screening**—Here's the screening process these loans go through before reaching Met:

• The local bank must consider each loan a sound proposition, one that it would make itself but can't because: (1) The loan involves too long a period; (2) it is too big for the bank; (3) it would put the bank over its legal loan limit; or (4) because the bank needs to diversify its loans.

• If the bank approves the loan on this basis, Met stands ready to loan up to \$250,000 provided that the local bank will take 10% of the loan. The bank gets a fee for servicing Met's part of the loan. The fee is 4% on the first \$100,000, 4% over that.

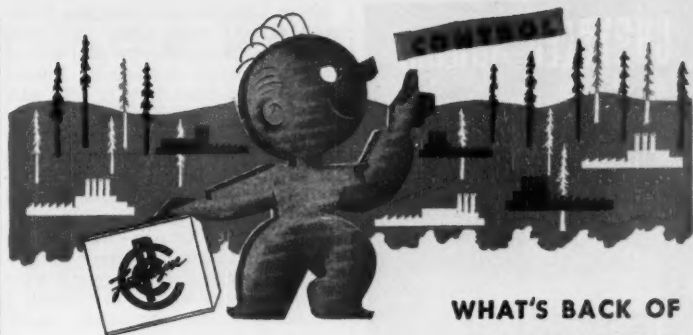
• New York state law requires that the loan must either be secured by adequate collateral or be justified by a satisfactory earnings record. The loans that Met has approved so far have generally been secured by collateral.

• Debtors getting unsecured loans have to meet these legal qualifications: Total income available for fixed charges for the last five fiscal years must cover fixed charges by at least 150%. For the latest complete fiscal year, income available for fixed charges must be 150% of fixed charges.

There are many marginal companies that wouldn't be eligible for capital loans under this procedure. However, the 150% requirement isn't very arduous. Usually, a well-run company would be able to qualify.

• **The Breakdown**—You can see that all this cuts down the potential market for loans quite a bit. Here are the data that Met has released on its loan experience up to last Nov. 8:

• The 35 loans ranged from \$25,-



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Valuation of  
Tangible and Intangible  
Properties for  
Insurance Accounting  
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Legal Requirements

000 to \$250,000, averaged about \$100,000. They averaged about eight years in length, though they are paid back in regular monthly installments. Interest rates ranged from 4½% to 6%, with the majority 5% or higher.

• **The 88 applications** came through 79 banks, ranging in size from small to fairly large. Most of the applicants were located in small cities and towns.

• **Reasons for Refusals**—Many of the loans Met turned down were rejected for legal reasons. But in many other cases, it seemed to Met that what the applicant needed was equity capital rather than loan capital.

## Private vs. PUD

**Foes of public power fight to keep last foothold in State of Washington. Battle goes to courts as SEC stays aloof.**

Private power is waging a last-ditch battle to keep a foothold in the state of Washington. It's a desperate fight to prevent the sale of Washington Water Power Co. to local public utility districts. If the sale goes through, utility men think Washington will almost surely join Nebraska and Tennessee as a state with practically all its power in public hands.

• **Holding Companies**—The common stock of WWP is the last large holding of American Power & Light Co., itself formerly a subholding company in the Electric Bond & Share system. Both APL and EBS have been ordered by the government to get rid of most of their holdings.

Howard Aller, president of APL, has announced that his company proposes to sell WWP to two or more Washington PUD's at a price somewhere between \$56-million and \$61-million.

• **Business Groups**—News of the proposed sale brought the private power industry up on its hind legs—especially EBS, which is still the largest single stockholder in its former subsidiary. EBS, along with business and other groups in the Northwest, is leading the fight to prevent the sale.

Securities & Exchange Commission decided last week not to claim jurisdiction over the sale because it is to be made to public bodies, which are exempt from SEC rule. The SEC decision—on a split 2-2 vote with one commissioner not participating—was a setback for the private end of the industry. It meant that SEC would not require a formal sale declaration, detailing hitherto undisclosed terms of the proposed sale. Nor would SEC hold public hearings on the sale.

As a result, the scrap will be carried on in the courts and before state commissions. A court at Colville, Wash., has been asked to grant an injunction against the sale. The Washington Public Service Commission has announced that it will hold full hearings on any sale of WWP.

• **Idaho Laws**—Biggest legal obstacle to the sale appears to be the fact that roughly a quarter of WWP's system is in Idaho. Idaho's legislature, with an eye to WWP's fate, has passed a law prohibiting public bodies of other states from acquiring electric utilities in Idaho.

There are no PUD's in Idaho, and no laws permitting them. Cities might buy some WWP properties, but much of the Idaho property is outside of municipal jurisdiction. Any attempt to sell the Idaho portion of WWP to a private company would bring the sale right back under the wing of SEC.

Difficulties loom, too, under Washington State's laws. WWP properties include a steam-heating plant and a water system, which apparently could not be acquired by the PUD's under present laws.

• **SEC Action**—Last year, a smaller sister of WWP, Pacific Power & Light Co., operating in Oregon and Washington, was snatched from the PUD's in a fight centered around SEC (BW-Feb. 11 '50, p81). The commission disapproved of American's first plan for selling Pacific's stock to a banking group that planned to resell the stock to PUD's.

Later, another group bought the stock, which is now being sold to the public. The company remains intact. But if WWP goes to the PUD's, Pacific's Washington properties are likely to be claimed by PUD condemnation suits. The only other private electric company in the state, Puget Sound Power & Light Co., is being gobbled up piecemeal by PUD and municipal systems.

• **Nebraska Sale**—Ominous to the private electric industry is the parallel between WWP's plight and the sale of Nebraska Power Co. to public agencies in 1944. Sale of Nebraska Power, another American holding, helped clear the way for Nebraska to become the first and only all-public power state. Even in Tennessee, a few small independent companies continue to operate under TVA.

WWP is the Nebraska story all over again in the eyes of the private power industry. In the sale of Nebraska Power, the fabulous power system salesman, Guy C. Myers, played a leading role. Last week's arguments before SEC confirmed rumors that Myers, as fiscal agent for the Washington PUD's, could receive more than \$1-million from the proposed sale.



## Canadian Curbs

To fight inflation, chartered banks agree to freeze volume loans and corporate investments at present levels.

Canada has launched its own drive against inflation. The methods are quite different from those the U.S. has yet tried, but the goal is the same.

Key point is an agreement by the dominion's chartered banks to freeze the over-all volume of their loans and their investments in nongovernmental securities at present levels. In Canada, such an agreement is much easier to negotiate and police than it would be in this country; instead of thousands of independent banks, Canada has only nine chartered banks, each with a multitude of branches.

• **Expansion**—Fiscal authorities had become alarmed by the expansion of bank loans and holdings of corporate securities. The Bank of Canada—the dominion's central bank—called a conference of the chartered banks. Bank loans, it was pointed out, had jumped \$507-million in 1950, compared with a 1949 raise of only \$155-million.

It called for "a definitely restrictive approach to the whole question of credit extension." The banks set up this program:

- No funds will be supplied for capital purposes, either through the extension of term loans directly to the borrower or through investment purchases of corporate securities due longer than a year hence.

- Margin of at least 50% will be required for loans incurred to carry corporate stocks.

- Margins will be increased substantially on loans secured by installment finance paper, and the total bank credit on such loans will not be increased.

- Lending practices on ordinary commercial loans will be tightened up, also.

The dominion is taking other anti-inflation steps. Stock exchanges and loan and trust companies have adopted rules to insure that brokers require at least 50% margins.

- **Housing**—Mortgage credit on new housing is also being restricted. The maximum loan available under the National Housing Act has been cut by one-seventh. On rental housing, the amount is down from 85% to 80% of cost. Lending values are being stabilized at January, 1950, levels, despite the increase in building costs. That adds up to the fact that the purchaser of a house will have to lay on the line from 30% to 35% of cost.

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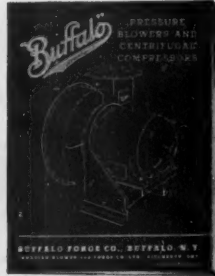
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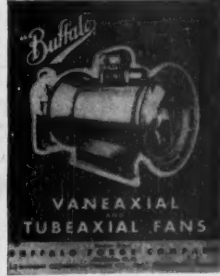
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CHARLES G. MOSKOWITZ  
Vice Pres. & Treasurer

Clues Section appears on Page 131

## Insurance Turmoil

Justice Dept. sues Cleveland board, charging that its rules governing fire policy sales violate the antitrust laws.

Last week insurance agents took a tight grip on their chairs, and murmured softly: "Here we go again." For the Dept. of Justice had filed another antitrust suit against practices of the insurance business.

• **Interstate**—This is the first time Justice has looked into the insurance field since 1944, when it upset the whole industry in the Southern Underwriters case. In deciding that suit, the Supreme Court upset an ancient precedent. It decided that insurance was interstate commerce, subject to the antitrust laws (BW—Jun. 10'44, p18).

Congress then stepped in with the McCarran Act, which postponed the application of the antitrust laws to give the industry time to adjust itself and the states time to sharpen their regulations. Congress said that the antitrust laws wouldn't apply where the states were already regulating insurance adequately.

However, the McCarran Act provided that federal antitrust laws still apply to insurance where there is any agreement "to boycott, coerce, or intimi-

date." Under this provision, Justice is bringing suit against the Insurance Board of Cleveland, an association of fire insurance agents. It says the board's members handle about 85% of all the fire insurance sold in Cuyahoga County, which includes Cleveland. Justice alleges that the board and its members have been trying to prevent the sale of fire insurance through anyone but board members and by methods not approved by the board.

• **Mutual Companies**—According to Justice, the members of the board all represented stock companies. They refused, according to the complaint, to do business with: (1) companies that pay back any part of the premium as dividend or allowance to policyholders, (2) companies that sell policies direct to the public through branch offices, and (3) companies that charge rates lower than those fixed by the rating bureau. All these practices, particularly the first two, are characteristic of mutual companies.

Furthermore, says Justice, board members refused to do business with any agents who represented such companies. This, the complaint alleges, denies agents a free choice of the insurance companies they wish to represent, and a free choice among other agents in "brokering" fire insurance.

Agents usually represent several companies. But since each company will place only a limited amount of insurance in any one area, agents sometimes



## Prudential to Be at Home in Chicago, Too

For the last couple of years, the Prudential Insurance Co. has been working out a plan to set up regional home offices in different parts of its territory. Pru has already set up home offices in Los Angeles, Houston, and Toronto. Last week president Carroll M. Shanks announced that Pru would build a 35-story skyscraper in Chicago, as soon as the defense program permits. The building will be right over the Illinois Cen-

tral R.R.'s suburban station on the lake front, east of Michigan Ave. When completed, it will be one of the three biggest office buildings in Chicago, will cost \$30-million to build at present prices. Pru will occupy about half the building with 3,000 or 4,000 employees. This "Mid-America" home office will supervise all sales, service, investments, and other operations in nine states.

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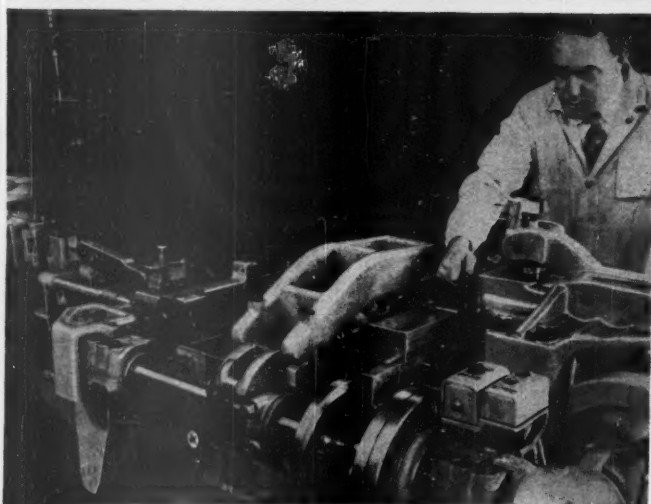
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have to ask agents of other companies to help them get coverage for a large risk. If they fail to get the extra coverage, they sometimes lose their chance to write the policy.

• **Rules Changed**—If Justice wins the Cleveland case, there won't be any upset comparable to the 1944 decision. Many other U. S. cities have insurance boards, but a lot of them have changed their bylaws to eliminate provisions that might have got them into trouble with Justice. Last week, for instance, the Atlanta Assn. of Insurance Agents announced it had dropped a number of rules similar to the ones to which Justice is objecting in Cleveland.

## FINANCE BRIEFS

**Tax and cost rises** held Chrysler Corp.'s 1950 earnings to \$127.9-million, over \$4-million less than in 1949, despite record unit and dollar sales. Last-quarter profits were only \$2.60 a share, compared with \$3.97 the previous year.

**Is it a deal?** Robert R. Young's Alleghany Corp. says it has bought 29% of Western Pacific R.R.'s voting stock from the James Foundation of New York, Inc. The foundation, early this week, would confirm only that negotiations had been in progress.

**Record deposits** of \$20,047,000,000 were recorded at the end of January by the nation's 529 mutual savings banks. But the January rise was only \$22-million, compared with \$188-million in December, and \$144-million in January, 1950.

**Dartmouth College** expects a \$450,000 deficit this year. Spiralling operating costs and draft-withered enrollment are the causes, as in so many other colleges (BW—Jan. 20 '51, p. 100).

**Package policies:** Those multiple-line policies for homeowners that Insurance Co. of North America started in Pennsylvania last fall (BW—Sep. 30 '50, p. 100) are now being introduced in California.

**Pennsy purchase:** Detroit, Toledo & Ironton R.R. has been bought by Pennsylvania Co., wholly owned subsidiary of Pennsylvania R.R. Co., and Wabash R.R., which is controlled by Pennsylvania Co. The seller: Pennroad Corp. The price: \$25.9-million.

**Combined assets** of the nation's savings and loan associations are close to \$17-billion, according to William K. Divers, Home Loan Bank board chairman. The assets rose 16% last year.



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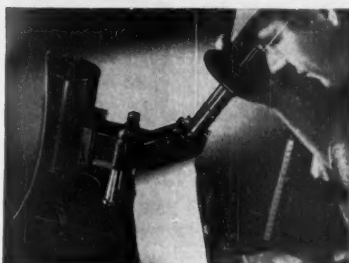
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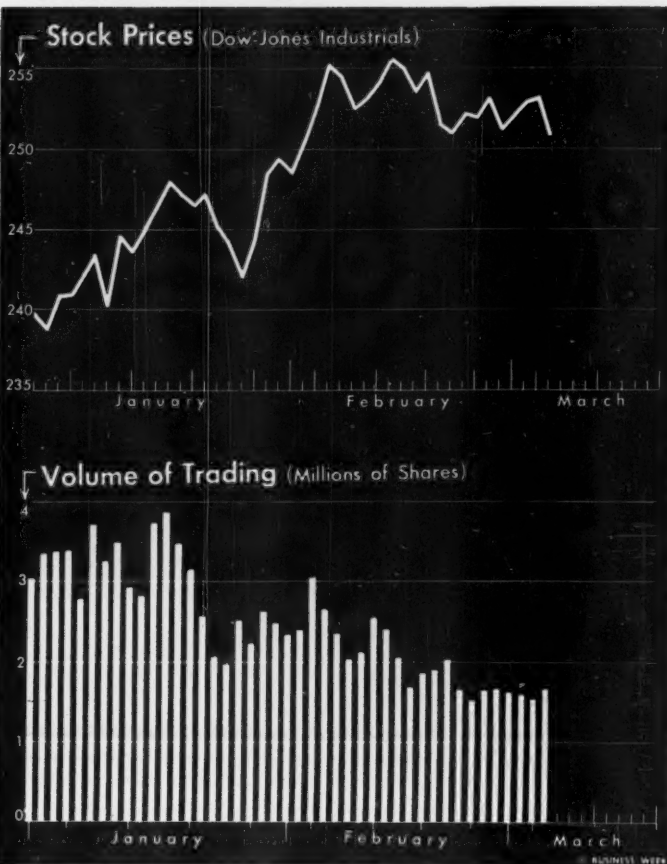
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# THE MARKETS



## Bulls Stay on Sidelines

Higher costs, higher taxes, and higher interest rates are putting a damper on trading. Possibility of "peace panic" also has Wall Street worried.

Whether you're a market trader, an investor, or a businessman with no investment in stocks and bonds, this is a good time to sit back and let the picture unfold. That's what the long pause in Wall Street's bull market (chart) is saying.

• **Trading Drops Off**—In a week or two the international situation could take a turn for the better. This would certainly cool off the "buyers' panic." Already there have been a few signs that consumers aren't so anxious to buy as they were six weeks ago. Always in the background is the thought that higher costs and higher taxes are going to cut corporate earnings in 1951.

Furthermore, the new entente between the Treasury and the Federal Reserve (page 26) apparently is going to mean higher interest rates.

The stock market seems to be taking these things to heart. Since mid-January, more and more buyers and sellers have moved to the sidelines. The Dow-Jones industrial average is drifting lower, while volume is trending lower, too.

• **Proceed With Caution**—One well-known market analyst, whose record in calling the plays on this bull market has been pretty good, says he finds several technical signs that the Dow-Jones industrial average has reached its

top for awhile. He thinks it may decline 10%, back around its pre-Korean level.

Other professionals are taking a cautious view. Wellington Fund, a prominent open-end investment trust, said this week it had reduced its common stock holdings slightly during the first two months of this year.

• **Inflation Hedge**—Wall Street is talking less about inflation than it did a few weeks ago. Not that financial men don't expect long-term inflation of prices. But there is a tendency to look for stock groups, like utilities (BW-Mar. 3 '51, p118), that are not considered good inflation stocks and, for that reason, now offer better dividend yields than earlier market favorites.

The possibility of higher interest rates could do a lot more to check inflationary psychology. Up until lately, most Wall Streeters took it for granted that a cheap money policy would continue for many years. Now they're not so sure.

Wall Street already expected that dividend yields on stocks would drop in 1951—either on account of rising stock prices or lower earnings, or both. Those glamorous 7% yields on "good" stocks have already disappeared. If bond yields should rise now, stocks are going to lose quite a bit more of their lure for investors.

## New GM Record

**Net sales:** \$7.5-billion, \$1.9-billion higher than in record-breaking 1949.

**Net profits:** \$834-million, \$177-million greater than the previous year.

**Dividend payments:** \$552-million, \$175-million more than 1949.

Those are the highlights of the 1950 annual report released this week by General Motors Corp. And they are not only record-breaking totals for GM. Never before has any privately owned domestic or foreign enterprise come near equaling such gigantic operating results.

GM, however, isn't likely to duplicate its 1950 showing this year. Like Chrysler (page 108), it has lately felt the impact of upswinging operating costs and increasing taxes. In the last half of 1950, for example, GM profits actually fell \$4-million under their 1949 level, even though sales in the period were up \$1.1-billion.

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# LABOR



BLS' EWAN CLAGUE has unveiled a new set of statistics. Now the question is . . .

## Which Cost-of-Living Index?

Employers and unions will have to decide whether to use the old—or the new, revised—figure in settling wage disputes. A third index, due late next year, will make both figures obsolete.

Statistics-conscious employers were warming up their computers this week to tackle a new problem. Instead of one cost-of-living figure, there are two of them: 181.5 and 181.6. The first is called "new," the second "old."

Both of them are "official," calculated and published by the Bureau of Labor Statistics. Both of them show a continuation of the rise in living costs. But for firms whose wages are adjusted under union contracts to meet changes in the c-o-l index, the coexistence of two indexes presents a real problem: Which shall they and their unions use?

• **It's Only a Stopgap**—BLS' new index is made necessary by distortions that have crept into the old index-computing formula. Yet its new index is purely a stopgap measure. An even newer index is in the works. By late next year, BLS expects to be ready to produce a third index, which will make

obsolete the one unveiled this week.

Meanwhile, for the benefit of escalator-clause wage contracts, BLS will continue to publish the old index. Nevertheless, some spirited collective bargaining can be expected. Employers may see an advantage in basing escalator clauses on the new figures, while unions may prefer to ride with the old.

• **Three Factors Involved**—Revisions in the old index formula that have resulted in the new one are mostly concerned with three matters: correction of the rent component, introduction of new commodities, and revision of effective weights.

BLS explains that its index is not a complete measure of the cost of living in its true sense. Its official title is this: Consumer's Price Index for Moderate Income Families in Large Cities. The index merely measures the effect of price changes on the cost of living and

does not measure the effect of such factors as changes in buying habits. Hence, over a period of time, the index gets further and further out of step with the consumer's budget.

When it first set up the present index, back in the 30's, the bureau made careful surveys to determine how much consumers bought of each of the items going into the family budget. Then it priced those items, thus arriving at a true cost-of-living figure for that period.

Each month since then, it has adjusted that cost-of-living figure by the amount of the month-to-month price changes. So the index it has been publishing really represents the cost of the 1935 market basket at today's prices. And to the extent that the 1935 market basket no longer represents today's buying patterns, the index needed revision. Price of a true 1950 market basket might be moving quite differently.

• **Rent Component**—Take the rent component, for example. As new housing was built during the war and afterwards, some of the new accommodations were added to the sample of dwellings that the bureau surveys regularly to get its rent index. But remember that this sample is used only to determine the percentage by which the previous month's aggregate is changed. Thus the change in the rentals of the new dwelling from month to month was reflected, but the fact that they came onto the market at a higher level than rent-controlled old dwellings was not.

So the BLS rent index began to understate the true level of rents early in the war. And, as more and more new rental housing was built, the amount of understatement grew. Early in 1949, BLS made a guess that this understatement amounted to between 0.6 and 0.9 points in the over-all c-o-l index. Last October, on the basis of careful surveys, it announced that the actual understatement as of January, 1950, was 1.3 points. It didn't change the index; the announcement was just a footnote.

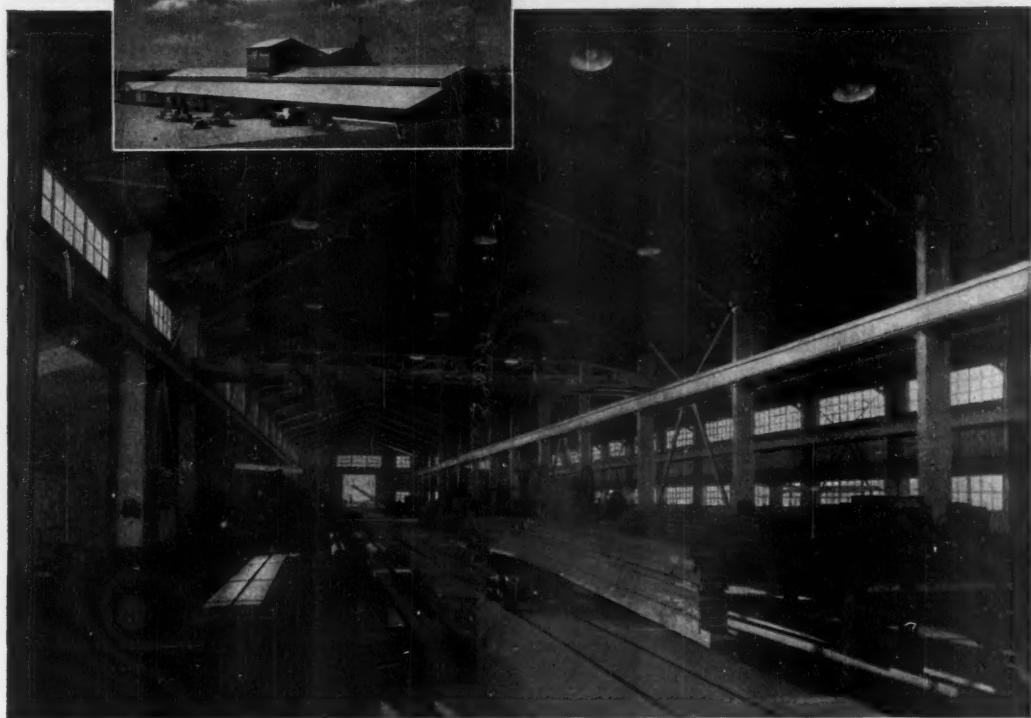
That 1.3 points is one of the changes that has gone into the new index.

• **New Items Added**—The second change is the addition of new items to the index. The reason for this is very simple: There are many things that people buy now that they didn't buy back in the 30's when the basic budget was set up. So such items as television sets, home-permanent-wave kits, and frozen orange juice have been added.

This does not mean, of course, that the index has to rise because television sets cost more than radios; that would make the index measure a change in the standard of living rather than in the price level. Suppose today the price of radios is going down, but most people are buying television sets, and their price is rising. Clearly the cost of living is rising, yet a cost-of-living index based



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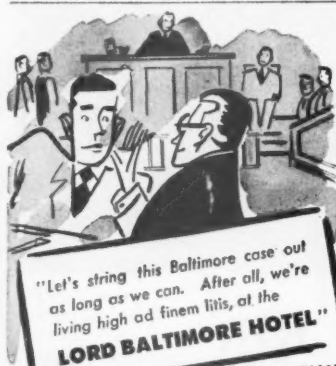
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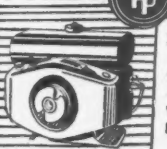
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Next Clues Section appears in March 24 issue

on 1935 products would be falling.

When a new item such as TV sets is introduced, the index's level doesn't change—just the way in which it moves.

• **Shift in Weights**—The third and most important change in the new index is a marked shift in weights. Because prices of different items change at different rates, the effective weights become distorted.

Here's a greatly oversimplified exam-

ple. Suppose that the 1935 market basket included \$500 worth of food, and other items together amounted to \$1,000, making the total for all items \$1,500 (the figures are all strictly hypothetical). That means that food had an effective weight of one-third in the over-all index; a 3% rise in food would result in a 1% rise in the over-all index.

Now suppose that food prices have increased 300% between the base

## Two Versions of the Cost of Living

### 1. Here's how BLS has been measuring it:

	Total Cost of Living	Food	Clothing	Rent	Gas & Elec- tricity	Other Fuels Ice	House Furnish- ings	Misc.
January, 1941..	100.8	97.8	100.7	105.0	97.4	104.2	100.1	101.9
January, 1942..	112.0	116.2	116.1	108.4	96.7	111.8	118.2	108.5
January, 1943..	120.7	133.0	126.0	108.0	96.8	117.5	123.8	113.2
January, 1944..	124.2	136.1	134.7	108.1	96.0	122.7	128.3	118.4
January, 1945..	127.1	137.3	143.0	108.3	95.5	123.6	143.6	123.3
January, 1946..	129.9	141.0	149.7	108.3	93.8	127.2	148.8	125.4
January, 1947..	153.3	183.8	179.0	108.8	91.9	142.1	179.1	137.1
January, 1948..	168.8	209.7	192.1	115.9	93.1	174.6	131.2	192.3
January, 1949..	170.9	204.8	196.5	119.7	95.5	191.8	139.0	196.5
January, 1950..	166.9	196.0	185.0	122.6	96.7	193.1	145.5	184.7
February .....	166.5	194.8	184.8	122.8	97.1	193.2	145.5	185.3
March .....	167.0	196.0	185.0	122.9	97.1	194.4	146.6	185.4
April .....	167.3	196.6	185.1	123.1	97.2	195.6	146.6	185.6
May .....	168.6	200.3	185.1	123.5	97.1	189.1	146.6	185.4
June .....	170.2	204.6	185.0	123.9	97.0	189.4	146.6	185.2
July .....	172.5	210.0	184.7	124.3	97.0	190.9	146.6	186.4
August .....	173.0	209.0	185.9	124.6	97.0	194.4	147.4	189.3
September .....	173.8	208.5	190.5	124.8	97.0	196.5	148.0	195.4
October .....	174.8	209.0	193.4	125.0	96.8	199.4	150.3	199.8
November .....	175.6	209.5	195.0	125.4	96.8	200.4	151.8	202.3
December .....	178.4	215.4	196.4	125.8	96.8	201.3	152.1	204.8
January, 1951	181.6	221.6	199.7	126.0	97.2	201.8	152.9	208.9

† Ice grouped with "other fuels" prior to 1948.

\* BLS officially estimates the over-all c-o-l index is 1.3 points too low and the rent index is 7.1 points too low. The error has been accumulating since 1940. The reason is that the BLS index hasn't been reflecting the higher level of rents charged for new dwellings.

Data: U. S. Bureau of Labor Statistics.

### 2. This week BLS began measuring it this way:

	Total Cost of Living	Food	Clothing	Rent	Fuel, Elec. & Ice	House Furnish- ings	Misc.
Jan. 1950 .....	168.2	196.0	185.0	129.4	140.0	184.7	155.1
Feb. ....	167.9	194.9	184.9	129.7	140.1	185.2	155.1
Mar. ....	168.4	196.6	185.1	129.8	140.3	185.3	155.0
Apr. ....	168.5	197.3	184.9	130.1	140.3	185.4	154.7
May ....	169.3	199.8	184.7	130.6	138.8	185.0	155.1
June ....	170.2	203.1	184.6	130.9	139.1	184.8	154.6
July ....	172.0	208.2	184.5	131.3	139.4	186.1	155.2
Aug. ....	173.4	209.9	185.7	131.6	140.2	189.1	156.8
Sept. ....	174.6	210.0	189.8	131.8	141.2	194.2	157.8
Oct. ....	175.6	210.6	193.0	132.0	142.0	198.7	158.3
Nov. ....	176.4	210.8	194.3	132.5	142.5	201.1	159.2
Dec. ....	178.8	216.3	195.5	132.9	142.8	203.2	160.6
Jan. 1951 .....	181.5	221.9	198.5	133.2	143.3	207.4	162.1

OPPOBLES WEEK

period and today, while prices of everything else have risen only 100%. So, by the linking process, today's aggregate for food is \$2,000, and today's aggregate for all other items is also \$2,000, making a \$4,000 total. That means that food now has an effective weight of one-half in today's hypothetical over-all index; a 3% rise in food today would result in a 1½% rise in the over-all index.

That, in a modified form, is exactly what happened. In the 1935-1939 base period, food actually had a relative importance of 33.9% in the over-all BLS index. But because food prices have risen more than most other prices, by early last year the relative importance of food in the index had risen to 42%.

That's too high—people actually don't spend that much of their income for food.

• **Switch in Group Importance**—The relative importance of each of the other groups had become wrong, too, of course. And the same thing applied to the relative importance of items within the major groups. What BLS had to do was to find out how much.

In 1948, 1949, and 1950, the bureau made thorough surveys of the actual spending of families in seven cities around the country. From these surveys, by a very complex statistical procedure, it determined the proper relative importance as of the beginning of last year: (1) of the various groups in the index, and (2) of the various items within each group. BLS introduced these into the index as of Jan. 15, 1950.

The population weights (by which city indexes are combined to get the national index) were changed, too, to reflect the 1950 census.

• **Comparisons**—Here's a comparison of the effective weights of the major groups in the old national index in 1935-1939 and early last year, and the new national index on Jan. 15, 1950:

Group	Old Index		New Index
	1935-39	1950	Jan., 1950
Food .....	33.9%	41.6%	33.3%
Clothing .....	10.5	12.2	12.8
Rent .....	18.1	13.8	11.6
Fuel, etc. ....	6.4	5.6	3.7
House furnishings..	4.2	4.7	5.7
Miscellaneous .....	26.9	22.1	32.9

Changes within groups included such things as these: Within the food group, lard has less relative weight, and manufactured shortenings have more (the changes don't necessarily balance, of course, because the relative importance of all shortenings may also have changed). Similarly, meat now has more relative importance while cereals have less. In the clothing group, men's apparel has less relative weight, women's apparel more. In the fuel, light, and refrigeration group, coal and ice are down, gas and electricity are up.

• **Eeny Meeny**—The big problem facing most unions and managements that



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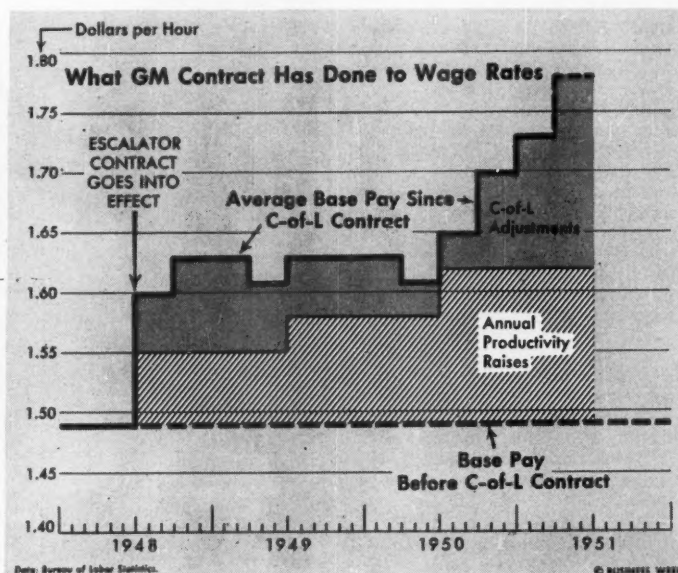
have contracts with escalator clauses in whether to stay with the old index or shift to the new one. Many of the smaller companies won't face this problem. In their original bargaining, they took no notice of the fact that an index revision was under way, so their contracts merely provide for continued use of the index on the old basis; that's why BLS is continuing to publish the old index for a time. But most of the big companies' contracts—particularly those involving UAW-CIO—specify that if BLS revises the index, there can be bargaining over how to handle the change.

If the new index appears likely to rise faster than the old, the unions would want to shift to it. But they can't know for sure whether it will be more volatile than the old figures.

There's one hint, though. Food-price

movements have less weight in the new index than in the old. So if you assume that food prices will continue to rise more than other prices, then you must conclude that the old index will rise faster than the new. This is what happened in 1950. The old index rose faster than the new throughout the year except from July to October—the one period in which food prices went down.

• **Coming**—It's not yet clear exactly what changes will go into the final revision that's due late next year. One thing is certain: BLS is now making thorough surveys of actual family spending in 91 cities; the results will determine what will go into the index, and with what weights. But such factors as what base period to use, what cities and how many to include, and many others, are still undetermined.



## Million Get 5¢ C-of-L Boost

The Bureau of Labor Statistics' latest, mid-January cost-of-living index added 5¢ an hour to the wages of more than 1-million workers this week. The raise is the result of BLS' highest index yet, 181.6 on the old basis, or 181.5 on a revised basis (page 112).

The raise is figured on the old index with a .8 point "rent bias" adjustment. The United Auto Workers (CIO) and other unions protested that BLS' revised index is "incomplete" and shouldn't be used without more time for careful consideration.

• **Higher Figure**—GM and other companies agreed—although sticking to the

old index meant a 1¢ higher c-of-l raise.

General Motors and UAW figured the 5¢ raise in hourly rates this way: The mid-January c-of-l index, on the old basis, is 181.6. Company and union agree that there is "rent bias" in the old index, amounting to at least .8; when this is added to the 181.6 index to correct it, the adjusted figure is 182.4.

GM and UAW use this figure. It falls midway in an index spread (181.8-182.9) that, by GM-UAW contract, requires a 16¢ c-of-l "allowance"—5¢ an hour more than the 11¢ workers already had been getting (chart, above).

If the company and union had used



the revised index, the required "allowance" would have been only 15¢ (or a 4¢ increase). That's because the revised index already includes the rent correction. The 181.5 figure is final; nothing has to be added to it. It is comparable to the 182.4 "corrected" index figure recognized by GM and UAW—not to the 181.6 that shows on BLS' old index table.

• **Concessions**—GM and UAW did some bargaining in deciding to use the old figure. Last November they agreed on 1.3 as a "rent bias" correction figure (BW—Dec. 2'50, p108). They also agreed to reconsider, after three months, whether to use 1.3, go back to .8, or use no "rent bias" factor at all. Last week they compromised on .8. But if 1.3 had been used, the c-of-l raise would have been the same this time.

GM also got a memorandum agreement from the union that whenever the old index is abandoned by BLS, the new one will be adopted without negotiation. Should the switch raise or lower wages, the table of values in the contract will be adjusted so that no pay change will result.

General Motors had other reasons for agreeing to use the old index. GM's labor relations in recent years have been the best in the company UAW history. The company didn't want to risk worker dissatisfaction, and lowered efficiency, for a penny-an-hour saving. And GM didn't want to take a chance on reopening its contract.

• **Others Follow**—As soon as GM and UAW agreed to use the old index and announced a 5¢-an-hour adjustment in pay, Ford and Chrysler fell into line. Smaller employers followed quickly. It was soon obvious that the old index would continue to be used, for a time, as the basis for c-of-l adjustments.

• **Coverage**—In all, some 2.7-million workers are now under c-of-l contracts, including 1-million railroad workers (page 118). Not all have the same adjustment dates and technical details as the auto workers. But an estimated half-million workers outside the auto industry probably will wind up with c-of-l raises amounting to 5¢ or more.

The raises can be given under an authorization signed last week by Economic Stabilizer Eric Johnston, allowing c-of-l raises called for in contracts signed before Jan. 25, 1951—even if the increases push wages through the 10% ceiling set on pay boosts (page 19).

The Pictures—Cover by Dick Wolters. Rus Arnold—50, 52, 53, 56; Black Star—125; Eastern—128; Harris & Ewing—102, 112; Int. News—21; Sovfoto—24; Wide World—19, 118; Dick Wolters—44, 45, 46.

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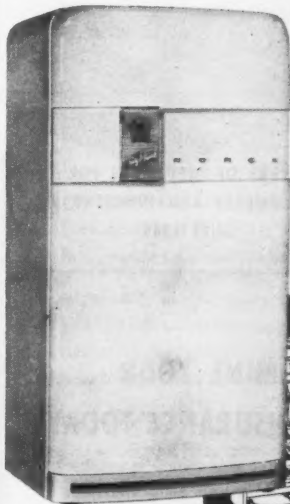
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**ALL-NIGHT BARGAINERS** John R. Steelman, Presidential aide (left), George Leighty of rail unions (right), and E. J. Scott, mediation board head, announce . . .

## **Rail Settlement**

**Nonoperating unions sign for 12½¢ and c-of-l clause—with minimum federal intervention. Operating dispute unsettled.**

One million nonoperating railroad workers in 15 unions are covered by new contracts this week. But the troublesome two-year-old wage-rules dispute between operating brotherhoods and carriers still was stalled at midweek.

• **Direct Settlement**—The nonoperating unions signed with carriers after an all-night bargaining session at the White House late last week. For the first time since 1937, the rail unions and employers settled their wage dispute in direct negotiations—without arbitration or fact-finding, and with a minimum of federal intervention.

The settlement calls for a 12½¢ hourly pay hike; a cost-of-living "escalator" clause; and "annual improvement" raises, after July 1, 1952, if the government's wage-stabilization program permits such payments.

The c-of-l clause provides for a 1¢ change in pay for each 1-point rise or fall in BLS' c-of-l index. The first adjustment will be made Apr. 1 and will reflect index gains since last December. Brotherhoods expect to get a 5¢ raise the first time, think their total increase during 1951 (including the 12½¢ raise) will be about 25¢. That's what they asked for originally, four months ago.

The nonoperating contracts run to Oct. 1, 1953.

• **Trainmen Bolt**—Ranks of the four operating brotherhoods split last week-

end when the Brotherhood of Railroad Trainmen sought a separate wage-rules settlement from carriers. The trainmen were reported to be considering a deal similar to that made by nonoperating unions. The other operating brotherhoods—Locomotive Engineers, Firemen & Enginemen, and Conductors—were “standing by” for further federal mediation.

## Tighter Review

**Losers in labor board cases will get a better break as high court orders trial-examiner reports admitted as evidence.**

From now on the loser in a National Labor Relations Board case is going to get a better shake if the case goes into the U. S. Circuit Court of Appeals. The Supreme Court has seen to that.

For many years—since the early days of the Wagner act—lawyers on the losing side in NLRB cases have complained that courts are reluctant to upset an NLRB decision if there is any “substantial” evidence to support it. Too often, the lawyers say, courts ignore all contradicting evidence.

• **Record as a Whole**—Many lawyers thought the Administrative Procedures Act and the Taft-Hartley act would change this. The first says that “all decisions” in federal agency cases, including recommendations of a trial examiner, must be part of the record considered by courts. T-H adds that findings must be backed by substantial evidence “on the record considered as a whole.”

To most courts, the two acts made little or no difference. They didn’t tighten their handling of NLRB reviews. But the Sixth Circuit Court, at Cincinnati, applied the broader standards in considering evidence and stepped on NLRB toes in doing it.

Last week the Supreme Court backed the Sixth Circuit Court’s position. In two decisions (Universal Camera Corp., New York, and Pittsburgh Steamship Co.), the high court set broad standards for lower courts to follow. It held:

• The standard of proof required of NLRB by T-H is no different from that which courts require of any other federal agency subject to the Administrative Procedures Act.

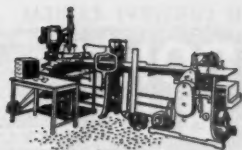
• In determining whether evidence is “substantial,” NLRB and courts must “take into account whatever in the evidence detracts from its weight.”

• Congress has disapproved of the “finality” that many courts have given to NLRB decisions.

• Courts must assume more re-

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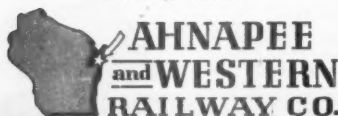
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sponsibility for the "reasonableness and fairness" of NLRB rulings. They should "respect" board findings—but set them aside when they can't be justified "by a fair estimate of the worth of the testimony of witnesses or the lower court's informed judgment."

• In determining whether evidence is "substantial," courts should look at all evidence in the record—including the trial examiner's report. Such a report is definitely part of the evidence.

Justices Black and Douglas dissented on that last point. They said that a court should base its decision on the testimony in NLRB proceedings and should not consider a trial examiner's report and how it conflicts with the board's findings. The court majority held that when NLRB conclusions differ from those of a trial examiner the courts should examine the reasons.

• **What It Means**—The Supreme Court's new standards change the entire atmosphere in NLRB reviews. Circuit courts must bear a greater share of the burden of deciding whether, on the basis of all evidence, an unfair labor practice actually has been committed. Moreover, the lower courts are told that Congress intended them to decide whether NLRB decisions are backed by "substantial evidence . . . on the record as a whole."

NLRB attorneys say they aren't sure, yet, what the effect will be. But they admit that it now looks as if they are going to lose some close cases that they might have won under the old practice. What concerns them most is the new necessity of justifying NLRB deviations from the findings of trial examiners.

## Labor Sets Its Price For Ending WSB Walkout

Labor this week revealed its asking price for a return of its representatives to the Wage Stabilization Board. But getting it won't end the union's big war on Wilson (page 19).

Here's what labor wants on wage control:

(1) Nonpension "fringe" benefits must not be considered part of the 10% raise allowable under the federal wage-freeze order. But unions agree that "fringe" payments should be under some sort of control, limited, perhaps, by either area, industry, or national patterns.

(2) Contract "inequities" should be handled more liberally, to permit approval of cost-of-living contracts signed after the Jan. 25, 1951, freeze date, and to take care of other types of deferred increases. For instance, labor wants a set policy for approving c-of-l settlements such as that negotiated for

nonoperating railroad workers. It also wants WSB sanction for wage reopenings, such as those called for in Westinghouse contracts.

(3) Wages should be tied to the c-of-l, and federal wage ceilings should be relaxed automatically as living costs rise.

(4) WSB should be increased to 18 members, double the present membership.

(5) It should be given full authority to handle labor disputes. Labor feels that, if it gets concessions on these points, it will have "packaged" gains that can be sold to union members—something it can back up when rank-and-filers start kicking.

## LABOR BRIEFS

**A shipyard raise** amounting to 11½%, and adding at least 18¢ an hour to pay, has been accepted by CIO's shipbuilding workers in Bethlehem Steel yards on the East Coast. The raise is subject to Wage Stabilization Board approval.

**A lumber strike** called by AFL's sawmill workers closed 200 mills and camps on the upper West Coast last week. The union demanded a 7½¢-an-hour raise, to boost a scale starting at \$1.60½.

**General Motors' pay** for hourly rated employees averaged \$75.58 a week last year, compared with \$68.41 in 1949. The earnings included substantial overtime pay; the work week averaged 41.5 hours during the year.

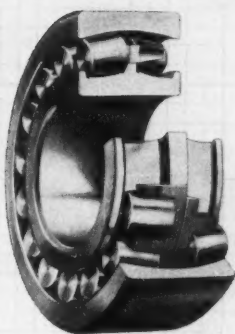
**A foundry strike** in Ohio ended after 10 days; AFL workers went back to 22 Miami Valley plants with a 12½% pay hike—subject to WSB approval.

**An organizing drive** has been launched by the National Farm Labor Union (AFL) in California's Imperial Valley, with full backing from AFL craft unions. NFLU also plans to go after midwestern sugar-beet workers and fruit and vegetable workers in Atlantic, Gulf, and Northwest Pacific Coast states.

**Life expectancy** of employees in business and industry who retire at age 65 under group-annuity plans is about 13.9 years—almost a year more than for railroad workers, according to the Railroad Retirement Board.

**Salaries of Ph.D.'s** in natural sciences average from \$4,860 (in educational institutions) to \$7,070 (in private industry).





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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

MARCH 10, 1951



Moscow has made its expected bid for a Big Four deal on Germany.

If that's what Stalin really wants, he can have it—but the U. S. price will be high. Washington won't agree to unifying Germany and withdrawing occupation forces unless Stalin proves he's calling off the cold war for good (page 125).

What the U. S. wants first is an Austrian peace treaty. It's even possible the State Dept. will insist that a treaty be signed ahead of any Big Four talks.

Then the U. S. will demand guarantees that would give a united Germany real security. That means a reduction of military forces in the satellite nations, perhaps international control of all armaments.

On top of that, we want political freedom in East Germany before elections for an all-German parliament are held.

All this means the U. S. will ask Russia to clear out of Germany and start loosening its grip on Eastern Europe. And there's not much chance that Stalin is ready for that yet.

There are plenty of risks in a firm policy like this.

The French and British are inclined to settle for a lot less than we are—if the Russians come through with any real concessions. So Stalin may be able to produce a split in the Western camp.

The Russian line will appeal to many West Germans also. The German public has almost been persuaded that a "neutralized" Germany is the only alternative to war.

Our State Dept., though, thinks a Russian offer can be exposed as a phony. Once that's done, the German people will be more inclined to join the Western defense effort.

But in Paris at midweek, the Western deputies weren't even counting on Russian agreement to a Big Four agenda. Gromyko seemed bent on turning the Paris meeting into a sounding board for Soviet propaganda.

Still, the British and French will try desperately to get some sort of agenda adopted. They fear this may be the last chance to negotiate with the Russians, that a breakdown at this stage could only lead to worse tension. And they feel that Western Europe's morale badly needs a truce in the cold war, even if it's only temporary.

ECA officials are pressing State to take a firm line, too, right in West Germany itself. They are worried by German opposition to the Schuman Plan and by the trade debts Bonn has piled up with its neighbors.

ECA is ready to help bail out Bonn but first wants assurances that the Germans will:

- (1) Accept the Schuman Plan and a decartelized Ruhr.
- (2) Raise more taxes; tighten credit; take measures to boost exports.

ECA officials think the Schuman Plan should be our No. 1 target in West Germany—even before rearmament.

State and ECA are at odds over another matter: Where does the Organization for European Economic Cooperation fit into the Western defense picture?

Last week top OEEC officials were in Washington to plead for:

- (1) A voice for OEEC on the commodity committees of the Interna-

# INTERNATIONAL OUTLOOK (Continued)

**BUSINESS WEEK**  
**MARCH 10, 1951**

tional Materials Conference. This is the body that is trying to allocate raw materials among the Atlantic countries.

(2) A place for OEEC in Western Europe's defense planning.

Right now OEEC is on the outside of things. Unless it gets a defense job soon, it may collapse—along with ECA's program for freer trade in Western Europe.

State will oppose a voice for OEEC in raw material allocations. Department officials feel that too many "voices" could stymie this job.

There's a chance, though, that OEEC will get a consulting job with the North Atlantic Treaty Organization. That depends on whether the NATO powers decide to move their headquarters from London to Paris, where OEEC is located.

There are two versions of the Soviet-directed purge in Czechoslovakia.

Some observers say the Russians moved in to stamp out a Titoist revolt. Others think that there wasn't much opposition until the Russians decided to tighten their control over the country (BW-Feb. 24 '51, p139).

Moscow's present aims are clear, in any case.

- A large part of the Czech armament industry, including the workers, will be moved from Bohemia (in the northwest) to Slovakia in the east, and maybe even to Poland.

- Slovakia is to be put under a Soviet military administration.
- Peasant opposition to collectivisation will be ruthlessly smothered.

Bevin will stay on as British foreign secretary until the Big Four talks are over. Prime Minister Attlee has agreed to this, despite the rising demand in Britain that the ailing minister retire.

London dopesters figure that Herbert Morrison, Labor party boss and a right-winger, is 'almost sure to get Bevin's job.

France will be minus a strong government until elections are held this summer. Until then, at least, no political leader can count on a firm majority in the National Assembly.

Decisions on important domestic and foreign problems will simply be put off during the interim.

For example, no effective measures will be taken against the inflation that now threatens France. Nor will the present Assembly be ready to ratify the Schuman Plan, even if it should get German approval.

The assassination of Ali Razmara, premier of Iran, has Western diplomats worried. The situation has the makings of civil war. And that's just what the Communists need to take over.

Washington and London considered Razmara the best premier Iran has ever had. He was killed by a fanatical nationalist group whose big goal is to "nationalize" the British-operated oil fields in Iran.

The Communists, who champion the same issue, should have no trouble exploiting it now.

U. S. and German businessmen have some fancy swaps on the fire.

Some U. S. export-import people prefinance shipments of coking coal to Ruhr steel mills. In return, they expect German steel to sell here. One deal involves 220,000 tons of coal, about 65,000 tons of steel.



# BUSINESS ABROAD



BONN PARLIAMENT has ducked rearmament issue—largely because of popular fear of Russian attack. Desire for “neutrality” makes . . .

## German Unity—Russia's Big Four Trump

If ministers meet, Soviet may try to split West with a plan to link zones through free elections. U.S. might fight it alone.

After six years of bitter infighting, the East-West struggle for control of Germany is moving toward a climax. This week the Russians proposed that a peace treaty for Germany be at the top of the agenda for the upcoming Big Four talks.

• **Threat**—There's a real danger that the Russians can use this German issue to split the Atlantic alliance, or at least stall the Western rearmament program. Moscow's aim is to block the West's plan to enlist Germany in its defense effort. Last fall the Russians threatened to do it by force. Now they have switched to a diplomatic maneuver—talk of a unified, but demilitarized Germany, joined together through country-wide free elections; all occupation troops would withdraw.

If Stalin actually offers this kind of German settlement, it undoubtedly will have great appeal. In fact it may prove so tempting to the West Germans and the French that the U.S. will be able to turn it down only at the risk of losing its hold in both countries.

• **Discord**—There's no sign yet that the U.S., Britain, and France have

agreed on how to meet such an offer. True, the deputies of the Big Three will put up a common front in Paris this week in the agenda talks. But that doesn't guarantee a common front if and when the foreign ministers meet.

U.S. officials admit that today they don't see eye to eye with London and Paris on the German unity question. They also admit that it will be just about impossible to get the French in line if the Germans continue to block France's pet project—the Schuman coal-steel pool.

• **Conditions**—In London last spring the three Western powers laid down their conditions for an all-German government: (1) a free and secret vote with freedom of political activity throughout the whole country; (2) abolition of all political police; (3) return of all Soviet-owned industrial property in Germany that was acquired after 1945; and (4) economic unity in such matters as currency and customs.

During the past year the U.S. has raised the ante. Washington now insists that a united democratic Germany must have guarantees against external

aggression. But the State Dept. isn't saying what these guarantees might be; that would be showing its hand before the conference starts. And nobody knows what the Russians will propose.

• **Basic Issues**—State, however, has said that the Big Four conference can't possibly accomplish anything unless the Russians are willing to negotiate “basic issues.” By that, State means the level of armaments in the Soviet bloc, the threat to Yugoslavia, and the suspicion generated by the Iron Curtain.

Probably our first requirement will be an Austrian peace treaty. That would bring the withdrawal of Russian troops from Hungary (on Yugoslavia's northern frontier), as well as from Austria. Russia is supposed to have forces in Hungary only to protect its communications to Austria.

• **Concessions?**—Some West Europeans, though, see no need for a broad agreement as the prerequisite to a deal on Germany. In fact, French officials have warned that if the U.S. insists on its point Europe will look on it as a step to war.

Actually, the French expect Moscow to make some genuine concessions. They think the Soviet is playing from weakness. So Paris wants the West to accept German unification, if the Rus-



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sians allow free elections and freedom of political activity. This kind of thinking in France is being bolstered by the German opposition to the Schuman Plan. On the basis of what's happened so far, the French are inclined to wonder if there's any use trying to integrate the West Germans into an economic union.

London officials are more hard-boiled. But they, too, are dallying with the idea that Stalin may be backing down in the face of growing Western strength. And they think that, regardless of Stalin's real intentions, the West should be the first to offer a scheme for German unification.

• **Proposal**—The London Economist has come up with a plan for German unity that might meet the major U.S. objection. It would have the Western powers propose all-German elections on the basis of last spring's London principles. But the West would stipulate that the present occupation troops stay in their respective zones. This could be called an "Austrian solution" for Germany. In Austria, a freely elected government has been functioning for a long time—despite occupation armies and zones.

The Economist admits that Moscow probably would turn down this solution. But the magazine argues that the West could take the wind out of Stalin's sails by making the first bid.

• **Bonn Wonders**—West German leaders are watchfully waiting. They know now that they have the power to determine their own future to a large extent. The leaders have made it plain that their sympathies lie with the West. But they have warned U.S. officials that the rank-and-file German is still more scared of the Russian soldiers on his doorstep than anything else.

There's no doubt that large groups in West Germany are flirting with "neutrality." And they think the way to neutrality is via a Big Four agreement setting up an all-German government. Both Chancellor Adenauer and opposition leader Kurt Schumacher say privately that the German public must be "unsold" on unification before Germany can join the Western defense system.

Bonn's political leaders don't expect the Russians to make a unity offer that will appeal to them any more than it will to the U.S. For one thing they don't think the Russians really mean to pull out of East Germany, however much they talk about the withdrawal of all occupation troops.

As a preliminary to free elections, the West German politicians will insist on a period of free political activity in the Soviet zone, including freedom of travel between East and West Germany. They want this in order to build up their party organizations. But the Russians



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aren't expected to go along with this idea.

• **State Says No**—Right now the State Dept. is opposed to making any unification offer at all. State's German policy has the primary objective of getting German troops into Eisenhower's army. At the same time, State's official attitude toward Germany has been to let the Germans make up their own minds on rearmament. So far, however, these two approaches have netted nothing.

Even in the State Dept. it's admitted that Acheson's decision to push the German rearmament issue last September was "premature." Apparently, State was panicked by the lack of defenses in Europe at the time the Communists were running wild in Korea. So State brought up the question on the assumption that the Germans would consider it a privilege to join the North Atlantic Treaty Organization. But instead, the Germans have made it clear that they intend to exact a big price for their cooperation.

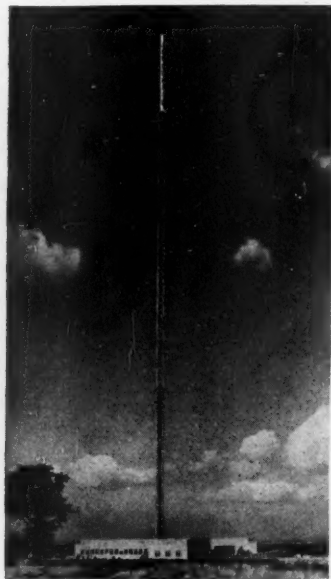
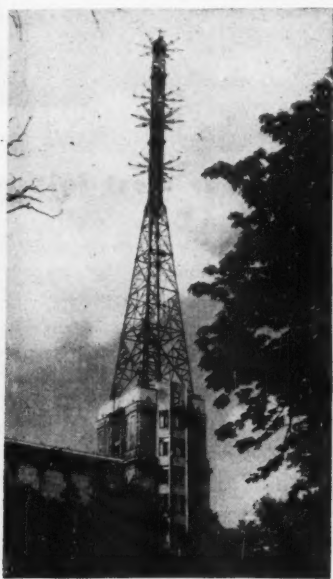
Still, one State Dept. official predicted last week that the Bundestag at Bonn would vote in favor of joining

NATO by May. To encourage this, plans are in the mill for Congress to end the state of war with Germany. Further, the U.S. is handing over to Bonn considerable control over foreign affairs. This is about all the equality the West can grant the Germans short of a peace treaty. And the Germans themselves don't want that if it would mean removal of U.S. occupation troops.

• **Price**—Only time will tell whether these incentives are enough to buy German participation in NATO. Meanwhile, we are paying the price for rushing the German rearmament question.

For one thing, the Schuman coal-steel pool now looks like a casualty. The German attitude toward it has grown cooler and cooler ever since September. Washington doubts now that an acceptable draft will ever get by the German parliament.

Still, it is highly unlikely that the Schuman Plan will be formally scrapped—at least not soon. If it were, the reaction in France would be catastrophic. Conceivably, the French would take an independent line at the Big Four talks. The Schuman Plan was a big reason



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the first regular programs back in 1936. On the right is BBC's second transmitter, sporting a 750-ft. mast, near Birmingham in the Midlands. More towers are a-building: A third is due this summer in Yorkshire; a fourth will be up in Scotland by yearend. By 1954 BBC hopes to have enough transmitters to blanket 87% of all the homes in the United Kingdom.



for France's acceptance of Germany in NATO in the first place.

In simple terms, the Schuman Plan dispute rages over two things: How many captive coal mines should a Ruhr steel company be allowed; what should be done with the 50-year-old Ruhr coal marketing monopoly. In effect, the Ruhr industrialists want to keep things pretty much as they were pre-war. But the anticartel provisions of the Schuman Plan wouldn't allow them to do this.

• **Blame Korea**—Perhaps it will turn out that the Schuman Plan died with the first shot in Korea. The U.S. scheme to rearm Germany, which followed soon after, robbed the French of their political bargaining power.

Also, Korea changed the world economic picture overnight. World traders turned from the brink of a buyers' market and surpluses to the prospect of an unlimited sellers' market and shortages. The Schuman Plan was designed primarily to cope with surplus situations. That feature accounted for what support it had in German industry.

The State Dept. has been criticized heavily, particularly by ECA officials for failing to push the plan anyway. The scheme was part and parcel of ECA's whole "single market" idea for Western Europe—the long-range objective of the Marshall Plan. Even now some officials are urging State to give the Germans an ultimatum.

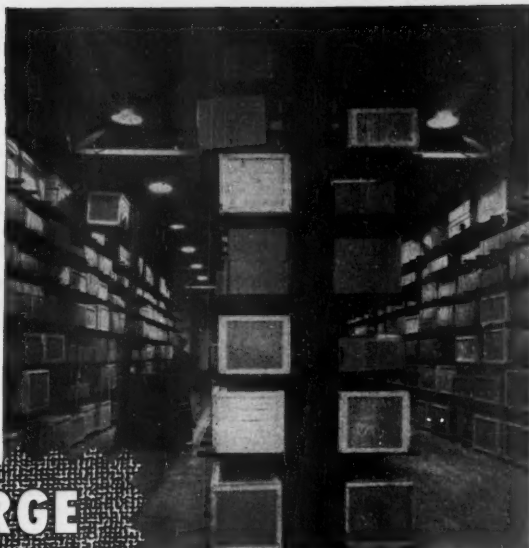
• **EPU Stagers**—Another casualty of State's recent German policy may be the European Payments Union—the ECA-sponsored mechanism to expand trade and keep it reasonably balanced within Western Europe. German buying in Western Europe last fall quickly outstripped Bonn's credit with EPU. For a while at least the West Germans were hoarding raw materials. Then EPU advanced a special \$120-million credit to Bonn, on condition that the Germans take necessary measures to control imports.

But Germany didn't fulfill until last week, when it took emergency action. Bonn officials called a moratorium on all "liberalized" imports—that is they refused to issue import licenses for non-essential goods. (These are the goods that fall under the free trade program ECA started last year.)

• **Retaliation**—The danger in the German trade crisis is that other EPU countries will retaliate against the new import restrictions. The Netherlands has already indicated it will have to strike back; it earns much of its daily bread these days by exporting to Germany.

One retaliation is likely to lead to another. Officials fear a "chain reaction" may set in rolling back much of the progress ECA made in boosting the volume of Western Europe's trade.

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# Re-Do in Indonesia

White Engineering gets two-year contract to revamp economy, plan over-all development. Communists are obstacle.

The J. G. White Engineering Corp., New York, is used to tough assignments. It participated in Overseas Consultants, Inc., which just wound up an unsuccessful mission to Iran (BW—Jan. 13 '51, p104). For the past two years, it has been working for the Chinese Nationalists—first on the mainland, then on Formosa. Now, White technicians are heading for Indonesia to help that struggling and strategic country overhaul its economy.

• **Backed by ECA**—White has a \$2-million, two-year contract as consultant to the Indonesian government—with ECA paying the dollar costs of the job. The money will pay for the services of a score or more economists, railroad men, highway and mining experts, foresters, hydroelectric and chemical engineers. Some of them have already arrived in Jakarta for their first look-around.

White's engineers have a job cut out for them. First war and Japanese occupation, then the throes of revolution, left Indonesia's transport, agriculture, and industry badly trampled. In many areas there are still bands of marauders to block reconstruction. Communists and other dissidents are burning tobacco sheds, sabotaging sugar and rubber plantations, kidnapping, and murdering.

• **Plans—No Action**—Since the war, economic planning in Indonesia has been hit-or-miss, a plethora of ambitious plans but little action. There's evidence, too, that some U.S. aid has been squandered; and each ministry of the government has tried to grab as much local and foreign money as possible for its own pet schemes.

White officials say they'll cut through the maze of plans—and "get practical fast." They aim to attack Indonesian problems with the same techniques used on Formosa, right after they arrived there with the Chiang Kai-shek government. White spokesmen like to recall that their railroad expert managed to triple the tonnage carried by Formosan trains in just 120 days; and their power engineer did wonders with Formosan industry by simply juggling work hours to spread power use.

• **Figures Lacking**—Besides strictly operational projects, White is supposed to help the Indonesians frame an over-all development program. Many Indonesian observers foresee plenty of difficulty. For one thing, there are hardly any fundamental economic data (farm

and factory production, savings, investment, even population count) for planners to sink their teeth into.

And it's a question just what Indonesia's badly strained economy can stand. The government wants to swing a \$400-million to \$500-million development program; that will call for big imports of capital equipment and continued foreign aid. The White company figures that means hard work for its economists, who have the job of squelching Indonesian inflation.

## BUSINESS ABROAD BRIEFS

**North of the border:** Germany's Krupp empire is thinking about producing prefabricated bridges, heavy transport equipment, perhaps diesel engines, in eastern Canada. . . . Charles Pfizer & Co. has joined forces with a Canadian firm to build a fine-chemical plant at Cornwall, Ont. . . . Sperry Corp. and its Canadian subsidiary have bought out Ontario Hughes-Owens, Ltd., Ottawa, for \$1-million-plus, plan to turn out equipment for airplanes manufactured by Canadair, Montreal.

**South of the border:** Ray-O-Vac Co. will set up a dry battery plant at São Paulo, Brazil. . . . Burroughs Adding Machine Co. wants to locate an assembly plant somewhere in Brazil. . . . Chemical Construction Co., an American Cyanamid subsidiary, is building a \$500,000 sulphur beneficiation works for local interests in Colombia.

**John Bull, farmer,** has failed again in Africa (BW-Jan. 20 '51, p. 125). The Colonial Secretary reports that the government has dropped \$2.3-million in a scheme to produce 20-million eggs, 1-million lb. of poultry yearly in Gambia, West Africa. Reason: can't grow enough chicken feed on the spot.

**National City Bank of New York** has opened a branch in Nagoya, Japan. It's the bank's fourth office in Japan, its 53rd overseas.

**Soft drinks:** Vendo Co., Kansas City manufacturer of soft drink vending machines, has formed a company in Mexico City, hopes to turn out upwards of 7,000 machines during its first year. . . . Dad's Root Beer Co., Chicago, is getting ready to sign up bottlers in several cities in South America.

**A tungsten deposit** in British Columbia—the Emerald Mine—is being reopened by the Canadian government. Ottawa plans to build a mill there with a capacity of 250 tons of tungsten ore yearly, expects it to be the largest producer in the Western Hemisphere.

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## "Full Accord": A Step Forward

The announcement that the Treasury and the Federal Reserve Board have reached a "full accord" in their long-standing disagreement over how to reconcile a tighter credit policy with management of the public debt is exceedingly good news. Secretary Snyder and Federal Reserve Board Chairman McCabe are to be congratulated for their patience and persistence in trying to work out a reasonable solution of this difficult problem.

The immediate result of the new accord is a rather ingenious scheme whereby the Federal Reserve can be relieved of the obligation of pegging the government long-term bond market without subjecting the Treasury to risks of a possible collapse in that market.

Under the plan, holders of two of the longest term 2½% bonds outstanding will be permitted to turn them in for long-term nonmarketable bonds carrying a 2½% rate. This conversion privilege immediately puts support under the 2½s and cuts down the need for Federal Reserve pegging.

The other part of the scheme is equally ingenious. Having once converted to the new nonmarketable 2½% issue, institutional and other investors will have a still further conversion privilege. They may switch into marketable notes having not more than five years' maturity. In this way, an insurance company, for example, or a savings bank, in need for funds, could liquidate its investment by obtaining a marketable obligation. In doing so, it would presumably have to sacrifice some principal, for the proposed five-year note issue. It is assumed that the terms of this note will be fixed to give it a market value somewhat below par.

There is thus achieved a double effect: (1) an incentive for not selling 2½s but rather for converting them into the new 2½s, and (2) a deterrent against liquidating the 2½s once they have been acquired.

Details of the two new issues have yet to be revealed. It is presumed that they will be worked out very carefully in the course of the next week in consultation with experts in the field.

Obviously this conversion plan, ingenious as it is, is not enough to merit the phrase "full accord." Behind it there is evidently a new and better understanding between Treasury officials on the one hand and the Federal Reserve Open Market Committee on the other. It will remain for future events to show how well this understanding can be implemented. At least we have been saved for the moment from the rather grim prospect posed by the President's recent appointment of a committee to reconcile Treasury debt management objectives and Federal Reserve credit policies.

The directive given to that group by the White House seemed to leave open no solution to the problem except the extension of direct controls on credit to a point where a policeman would be needed in every bank to pass on every loan. For a few days it seemed

as though the Administration had in mind borrowing the techniques developed by Hjalmar Schacht, Hitler's police-state banking genius.

Secretary Snyder and Chairman McCabe have had the statesmanship and good sense to save the financial system from that. It will remain for the financial community in general and the banking community in particular to give every encouragement to the working out of this new Treasury-Federal Reserve accord.

## On Guard

The amount of damage that pressure groups can do when the nation isn't looking is shown by the sudden attack in the House of Representatives on the Reciprocal Trade Agreements Act (BW—Feb. 17 '51, p. 144).

The first amendment the House tacked on (withdrawing tariff concessions on imported farm products unless they sell above the domestic support price) and the second (tampering with the existing power to decide when an industry is hurt by imports) are clearly bad. The third, dealing with "peril points," is controversial, but at the moment not important.

A fourth House action, scrapping U. S. commercial treaties with Soviet and satellites, fits into our economic warfare at the cost of robbing the State Dept. of certain useful listening posts.

BUSINESS WEEK hopes that the Reciprocal Trade Agreements Act can be kept intact. It may be for the moment overshadowed, but it is surely wiser to keep the way clear for the kind of freer world trade that the U. S. hopes to achieve. To buy more freely is also a cheaper way to keep one's friends from falling victim to Soviet propaganda than supporting them out of tax money.

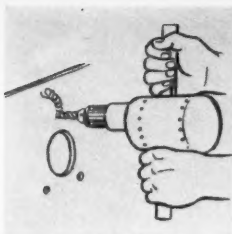
## Mrs. Average American

The latest census figures portray the average American as a city dweller and growing older—30.1 years of age. Still native-born, still married, still a householder with children. But then the picture undergoes a fundamental change. "He" must now be referred to as "she."

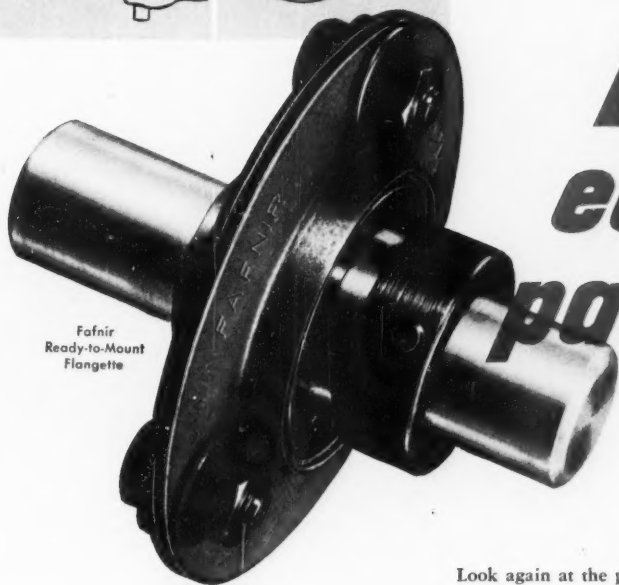
The Census Bureau has discovered what every one has been noticing—that women are all over the place. For the first time in the nation's history they outnumber the men. Years ago they invaded business, industry, and government, and even the armed services.

Obviously the office and the factory cannot live without them, but how is man to live with them—so many of them? He can, of course, exploit his new minority status and get his way as women used to, by guile and indirection, but it will be hard going. Yet the figures are inescapable. She now outnumbers him 100 to 98.1. That good guy, the average American, has become that good gal.





**IMPROVEMENTS THAT COME  
CHEAPER BY THE PACKAGE**



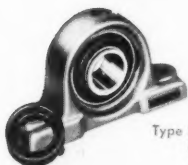
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Whatever your product or plant equipment, a few minutes spent with a Fafnir representative may bring forth an Economy Package that opens the way to a major improvement at a minor expense. The Fafnir Bearing Company, New Britain, Conn.



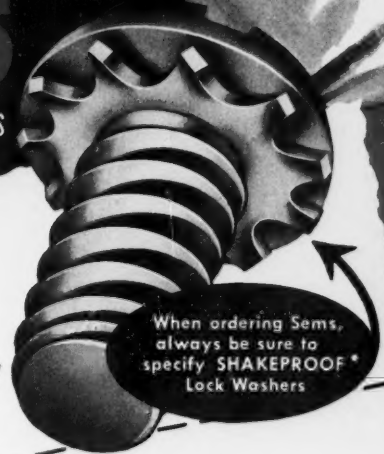
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# 29

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